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If China Should Enter the War

By Hun Liang Huang

Holding the Lid on China

The Vanishing Mexican Dollar

By Chang Kia Ngau

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SPEAKING paradoxically, China's normal condition is one of perpetual perturbation. The political pot is always sizzling here. It usually is only when it begins to boil over that it gets attended to, which is not an intelligent method and shows lack of foresight. It is hard to keep the lid on a boiling pot; nevertheless the job of those who are charged with responsibility in this matter is to hold the lid on China during the continuation of this war. This responsibility is in part that of Powers in the allied association; but in their own interest Chinese themselves ought to do the principal work.

EVENTS of the last week intimate that a large majority of the politically intelligent Chinese understand the situation and their responsibility in relation to it, and are opposed to acts of Chinese politicians that are calculated to foment dissension in the country. There is a growing disposition of the better elements of the population---especially the business interests---to deprecate the revolt and secession movement which Sun Yat Sen and his followers are trying to launch at Canton, and to align themselves in support of what China has in the way of Government. All that China now has in the way of Government is that at Peking, where are the President, the Vice President, and a Cabinet headed by a responsible Premier. This Government is duly recognized by all foreign nations that have diplomatic relations with China. This Government may not be ideal in its personnel or in its existing administrative method; it is at present short of one branch of republicanism---a Parliament; but the fact remains that it is the only Government China has, and the world must take it accordingly.

DURING the week noticeable progress was made toward consolidating the elements that compose the present Government. General Feng Kuo Chang, the Vice President and acting-President, left Nanking and went to the capital. His first act on arriving there was to call on President (or ex-President?) Li Yuan Hung and to urge him to resume office. This was an act of both political expediency and propriety. It probably would be better all around if Li Yuan Hung would reconsider his decision to resign and go on with his office for a while---that is, assuming that he feels enough confidence in himself and in his ability to gain the necessary support. On the other hand, if Li Yuan Hung is convinced that he has lost the confidence of leading Chinese and of the foreign legations (a lack not due to any doubt of his probity, but of his assertiveness) it may be better for him to retire. In that case General Feng has announced that he will assume the Presidency. The situation that will result from that action seems favorable for bringing some degree of stability to the Government. It is evident that an understanding has been reached between

Feng and Tuan Chi Jui, the Premier, as to their personal relations and also as to policy. Misunderstandings and rivalries may arise; but these ought to be smoothed over without much difficulty as they come up. If Feng and Tuan have really decided to act together and to support each other, there is little doubt that they can carry a majority of the Generals and Governors with them, when the alternatives to that course are considered.

TUAN Chi Jui apparently realizes that the Government is now incomplete, constitutionally, in that it lacks a legislative body: and he already is taking measures to remedy this omission. Just prior to the arrival of General Feng at Peking, the Premier gave out a statement to the country pointing out this condition, and intimating that some kind of parliamentary body will soon be convened. Many Chinese think a National Council of one House would be better than a two-house congress; and that this Council should be charged with the task of completing a constitution. Such projects of course require the elimination of the previous Parliament---the one which is now getting together in part at Canton, presumably with the purpose of sitting there. But the theory of the Government is that that Parliament was terminated by its dissolution. That is a nice question to argue as an abstract political and legal issue. In fact, the old Parliament is gone as a part of the established Government, and from what one can learn of Chinese popular sentiment, it is thought a good riddance. There is very little sentiment in favor of recalling that Parliament. A curious feature of the revolt and secession movement is that its leaders are so misled about how most Chinese feel about that Parliament. By making their appeal on that issue the radicals in the Kuomingtang curiously erred in gauging Chinese popular opinion (and foreign opinion too), for the country as a whole has little liking for or faith in the old Parliament, and does not want to see it back at Peking. Any substitute for it will be acceptable to the country as a whole, to which the abstract argument about whether President Li Yuan Hung had a constitutional right to dissolve the Parliament has little interest.

MEANWHILE, at Canton the Kuomingtang radicals are trying to create a political noise out of which they can pretend that some kind of a Government exists there. Many members, including some officers, of the dissolved Parliament have gone to Canton, and it is announced that they will convene in session. This really presents a political curiosity. Apparently those members of the former Parliament hold a theory that a legislative branch of a government can at will change its place of sitting, and that it can act independently of other branches of the government. It even can, from the logic of what is happening at Canton, arrogate the part of being a branch of another government without any process of formation other than arrogation; for surely the members have not yet been elected as a Parliament of a secession government. An appeal has been sent to oversea Chinese to provide funds to enable that Parliament to continue in session at Canton; and the expenses of many of the members in travelling to Canton already have been paid out of funds in the hands of the radical Kuomingtang leaders. One wonders for how long oversea Chinese who undoubtedly are acting from patriotism and a belief in republicanism will be induced to supply money for these uses in China. Such funds are subscribed by Chinese business men; and it ought to be possible for business men in China who see the folly and the danger of incessant political agitation here to so represent conditions to the oversea Chinese that the source of that supply will be stopped or curtailed.

COLLIER'S WEEKLY of June 30 prints some interesting ruminations anent the Russian situation that have an analogy to some conditions of Chinese politics and the policy of the American Government toward the present position of China. Collier's says: "After the Franco-Prussian War the prestige of France was at its lowest. Also, France stood alone in Europe. Italy had been corralled by Bismarck, and, with Austria—that Prussia had overrun as lately as 1866—entered the new Triple Alliance. With her standstill population, where could France look but to Russia for security against further Prussian aggression? France would have liked it better if Russia, too, had been a democracy; but she was bent on insuring her continued existence as a nation, and had to choose a friend where she could find one. Even so, French socialists like Urbain Gohier gave warning that 'the Russia of the future, free Russia,' would 'neither forget nor pardon' a republic that allied itself with the Czar. To-day we have seen the wilder Russian revolutionists cool toward the western democracies of France, Britain, and the United States. We trace some of this coolness to the fact that western Europe and we of the New World were more or less on speaking terms with their ex-oppressors. The Russian revolutionists who have some sense of international relations—Miliukov, Lvoff, and Kerensky—perfectly well realize that France and the other western democracies recognized the government of the Czar simply because the Czar's was all the government Russia had. They realize that it is solely Germany and Austria, where autocracy is still the governing principle, that have basic sympathies with Czarism. As a Slovak newspaper of New York, the Narodne Noviny, gravely says: 'They know that as long as the Hohenzollerns rule over the Germans, their country will be in danger and autocracy

may be reestablished.' They know what would be the costliness, not only to democracy throughout the world, but to their own land, if they gave way to German urgings and the advice of those Russians who still think that their internal problems can be worked out at home without reference to Russia's place in the world. But in some degree the sentiment of the wilder democrats of Russia, heady with the new wine of freedom--their conviction that they owe less than nothing to their western allies—is due to the fact that the sympathies of those allies with the Russian revolution were, in the olden time, relative, not absolute. If, however, they have their way, how their German friends will gobble up those Russian provinces! It will be very much like a boar rooting up potatoes."

NO doubt a good deal of misconception exists among Chinese politicians about the attitude of Americans and the United States Government toward contemporary Chinese politics. The Chinese liberals seem to take for granted that the sympathy of Americans ought to be entirely with them and with the Parliament in their opposition to the so-called military Party which has dominated the Peking Government most of the time since the Revolution of 1911. This is a case with Americans closely analogous to the feelings of the French democracy vis-a-vis autocratic Russia at the time when it seemed to be indispensable to the security of France that an alliance be made with Russia. The French democrats did not ally their nation with Russia because they liked the form of Russian government; but on the "any port in a storm" theory of politics. Present-day Russian democrats ought not to confuse themselves or to allow German propaganda to confuse them on this question of how the democracies of other Western countries feel toward the new Russia, and by contra toward the old Russia with which they have been in alliance. The French and British democracies were allied with Russia in this war not because they wanted to see autocracy confirmed in Russia, but because in treating with Russia they must treat with such Government that existed in Russia at the time. If that Russia demanded compensations in terms of territory heretofore a part of other nations, and expressed in terms of preferment in the exploitation and supervision of other nations, then the other allied governments were forced to deal with old Russia in conditions which would satisfy the aspirations of old Russia. When the overturn occurred, it is not surprising that new Russia could not at once get a correct perspective on those relations and on agreements made between old Russia and democratic nations in the allied consortium; and that out of that lack of perspective on both sides a multitude of bad impressions would spring which for the moment would shake the allied association.

POLITICIANS in China can draw a lesson and a moral from those conditions applying to relations between democracies in Europe and the former Russian autocracy, and from them also can be divined a perspective of relations between America and China as they are developing as a result of the entrance of America in the war. At present, conceptions of the official policy of the United States regarding the political dissension in China must be derived from the recent Note of the American Government advising Chinese to remain orderly and not to permit factional differences to divide this nation or to involve it in civil war. That Note clearly outlines a Policy of the American Government which probably will stand until it is superseded by another pronouncement, or is given concrete form by some action. Its premise is a recognition of the then existing Government of China as being legally constituted, and it takes occasion to express disapproval of efforts to create internal discord in China (whether instigated by Chinese or foreigners) by factional intransigeance. Furthermore, the Note points out the dangers to China of such dissensions at this time. An outstanding quality of democracy in America is commonsense; and when it gets a clear view of some conditions of present-day Chinese politics the common-sense of American democracy will enable it to distinguish between political eloquence and political practice as these are exemplified here. Advice of the United States that Chinese will at this critical time in world affairs hold on tightly to such Government as they have, and not "rock the boat," does not imply any lack of sympathy with a development of real republicanism in China. Quite the contrary is true. But Americans from their own history and experience know that genuine republicanism does not spring upstanding out of the words of written constitutions, able at once to make all the machinery of republicanism work properly. If the politicians of China by keeping order among themselves and without creating a fresh complication in this region for the allied association to moderate, will give the Western democracies time to complete the task of downing militarism, then they can count on receiving their sympathy and help in sustaining the principle and the form of democracy in China.

HAVING the habit of thinking in cycles, humanity no doubt will mark the third anniversary of the war that occurred this week. By some August 1, 1914, is taken as the date of its beginning; but August 4 is more often taken as the starting of it, for on that day Great Britain came in, thereby giving it the turn which has developed into a world war. We feel no inclination to moralize over this anniversary. Kitchener said something about three years as a probable duration of the war; other notable men have made

guesses too; while the number of predictions given out under more or less official incitement cannot be numbered nor remembered off-hand. Among sensible persons predictions or opinions about the end of this war now are usually preceded by an "If". When shifts during the past year of the general military position on a map require a point-compass and a reading-glass to detect them, one cannot with much assurance take that method of marking progress toward an end of it. But the year has not been without events which must have a decided, perhaps a decisive bearing on the end and the outcome of the war. The Russian revolution and the coming in of America are the outstanding developments which have given conditions a new turn; and the effects of these events so far are moral and political rather than military. These effects are not the less profound, however, because as yet they loom in somewhat nebulous form upon the international horizon. Pages can be filled by citing events, conditions and circumstances that more or less touch and have built up the present situation, until by the very accumulation of these minutia ordinary minds can make nothing out of them by way of getting a clear sight of some sober and reasonable conclusion. One thing stands out perceptibly—the general position of the allied side is improved over what it was this time last year. The percentage of this improvement that is accurately demonstrable may not be great, but it is there nevertheless. For the moment, democracy will have to be content with the thought that in its tussle with militarism at its maximum strength for this war no ground has been lost, it has had much moral increment, and physical reinforcements have been added which in time will weight the war scale in democracy's favor.

MR. Balfour's speech in Parliament, reported by Reuter, apropos the war aims of Great Britain, is very timely and we think it will have a good effect in America by reason of its manifest inclination toward the principle that has been outlined by President Wilson, of basing territorial readjustments on the theory of the consent of the governed rather than on international strategical requirements. We feel the need of saying, however, that Mr. Balfour's speech would have a deeper effect upon democrats of other nations if he had not placed emphasis [a reading of the whole speech might alter this impression] on the restoration of Alsace and Lorraine to France as "territory of which France was violently robbed forty years ago." Americans with few exceptions also favor the restoration of Alsace and Lorraine to France, but their opinion is based on a belief that the people who live in those provinces will, if the question is put to a vote, show their preference to living under the government of France rather than Germany. Americans are not able to feel much enthusiasm for an alternation of European boundaries on the principle of alleged rectification of "historic wrongs," or on the theory of "natural boundaries." That theory leads nowhere that believers in true democracy wish to see political science go. I remember a comment of the Saturday Evening Post made early in this war, stating that there never could be permanent peace in Europe or in the world until there is a statute of limitations on these questions of territorial boundaries in their relation to nationalism. The Post hit on a fundamental truth; for there is scarcely a large or a small nation in Europe, or anywhere, which is not nursing some kind and degree of "historic wrong" of that sort. Any nation needs only to go back far enough to dig up this kind of an "historic wrong," if it wants to find one. If civilization continues to recognize such alleged wrongs as legitimate causes for international grievance and war, then an ending of the present war on that basis will only have sown the seeds of other wars to come.

SOME points brought out by Mr. Balfour accord with advanced democratic thought as we conceive this. These phrases are most interesting: "There was not the smallest thought at that time of the great problems which the war has opened out before us. We did not enter the war for any selfish purpose, certainly not to attain imperialist aims or to get indemnities. I no not think we have anything to surrender. No British statesman ever thought of going to war to increase British possessions on the Continent of Europe. That gave us and America a position which could hardly be arrogated to any other of the combatants. We all wish to see Europe emerge from the struggle not only more free but more stable, and with fewer of those causes which divide mankind and act as a perpetual irritant upon national pride, ambition and vanity. We want to diminish the

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future prospect of war by diminishing the number of reasons driving nations to war." "The peace we deserve must be based upon the growth of national morality and the importance of international relations which will make the gratuitous breaking of the peace of the world a crime for which the criminal will be punished, and a peace involving such a modification of the political affairs of Europe that there will be no balance of power in the old sense of the word, but an arrangement of communities such as will make it far more difficult for disturbers of the peace to find soil in which to sow their bitter and fatal seed." "If the war ends in a peace which commends itself to a Conference of America and Great Britain—who are the only two countries with no selfish European interests in it—and all the Allies who are fighting for existence, then it will be a peace which probably will be in the end a blessing to Germany as well as to the rest of mankind: anyhow, a peace of which there will be more probability that it will last until we have reached a stage of international development which will make a recurrence of these sorrows unthinkable to our children." These are principles with which we are in strong agreement. If they can be formulated into a new public understanding of the allied association, the war will start its next stage with a good prospect for a final success of democracy, and a conclusive disabling of militarism.

ONE is glad to notice that in replying in the French Chamber of Deputies to the recent speech of the German Chancellor, M. Ribot, the French Premier, clearly places himself on the same principle as that enunciated by President Wilson, with reference to the reclaiming of Alsace and Lorraine by France. M. Ribot denied that France is imbued with an imperialistic ideal, and said: "We want to retake those provinces which gave themselves freely to France; we do not want annexations by violence. We want the rights of peoples restored." M. Ribot, in so far as he is reported by Reuter, avoided any reference to "historic wrongs." He without doubt feels that the Russian and American democracies do not want to fight on a principle of righting historic wrongs for other nations; but when he emphasizes the need to restore the rights of peoples to live under governments of their own preference he strikes a note with which all democrats are in full agreement, and states a principle for which they ought to be willing to fight.

WHEN last week we commented on the failure of the Administration at Washington to get Congress to pass a strict censorship regulation as a rider of the espionage Bill, we had not read some remarks make by Lord Northcliffe in addressing a meeting of the American Publisher's Association in New York. Lord Northcliffe is the publisher of The Times, the Daily Mail and a score or so of other papers in England, and he, with Lloyd George, is given the credit of being one of the larger factors in shaping the policy of the present British Government. Lord Northcliffe recently went to America for the purpose of informing himself about public opinion there concerning the war and the aims of the war, and without doubt he took much of his impressions from American journalists. In the address referred to, he said; "I trust that the United States will not make the censorship blunder that England made, and which is just becoming an evil of the past. England was kept in the dark about the war for nearly three years. The people were blinded by the fatuous optimism of soldiers and politicians who, while efficient in peace, were incompetent in war. The people were not permitted to know the truth, and when the truth finally emerged out of costly blunders and sacrifices they were loath to accept it. I hope that America will permit her newspaper and magazine writers to be absolutely frank about what is going on. It is as important for the nation to know the worst as it is for the nation to know the best."

FROM the London newspapers we learn that the arrival of American troops in France has introduced a new slang into the vernacular of the trenches. Already the British and French troops are seizing with avidity on these new and expressive phrases as a change from their own now well-worn inventions. The Daily Express gives some instances of American slang, and tells how the Americans have taken as a slogan: "Can the Kaiser." The Daily Express however gets into difficulties when it attempts to explain the meaning of some of the phrases. That paper rather ponderously tells how the word "can" in "Can the Kaiser" is used in the sense of hermetically sealing the Kaiser to prevent his further activities. The Daily Express of course is in error there, probably from confusing one use of the word "can" with the current slang use of that word. We all remember the standard joke about the difficulty of an Englishman in understanding an American who, when asked what they did with all the corn grown in the West, replied: "We eat what we can and can what we can't." In that phrase "can" meant to preserve corn in tins by hermetically sealing it. But when Pershing's troops in France yell "Can the Kaiser" they use "can" with an entirely different meaning, derived as follows: A common but somewhat cruel village pastime in America used to be in taking stray dogs, tying a can to their tails by a string, and then starting the dogs to running, which they would keep up until exhausted because of the clamorous can dangling at their heels. This was called "can-

ning" a dog. But the term in time took wider use, and in recent years has come to have other meanings, applied to various conditions. To "can" anything or a person in current slang means to dispense with them. For instance, at baseball games one hears the rowdy element in crowds cry "can him" when a pitcher or any player shows signs of weakening or makes a bad play, meaning to take that player out of the game and substitute another one. It is advisable, before this matter of introducing American slang to the other allied troops gets very far along, that some Americans be employed to revise the glossaries of the London press in the interest of clarification.

IN a period when so many of China's younger and foreign-educated men are spending their time almost exclusively in meddling with factional politics, it is very encouraging to find some who are taking seriously the labor of trying to bring this country into line with modern economic systems. The Review publishes this week a very informing article by Mr. Chang Kia Ngau, Vice President of the Bank of China, on the causes behind the gradual disappearance of the Mexican dollar from circulation in China. It is interesting and also important for Western financiers to keep in touch with the thought of Chinese bankers and business men about these problems of China's currency reform, and the Review hopes to publish further articles on this and similar topics written by Mr. Chang and other Chinese.

T. F. M.

If China Should Enter the War

BY HUN LIANG HUANG
Of Columbia University.

IF there is a nation in the world that would seem to have every reason to keep out of the war it is China. She has enough problems of her own to keep her busy without entangling herself in this gigantic conflict. She desired and wished to remain neutral and devote her time and energy to setting her own house in order. But with the launching of the ruthless submarine policy, China, like the United States, has found it impossible to stand aloof in the world conflict.

Following the example of the United States, China protested vigorously against the unrestricted submarine warfare of the Teutonic Powers, and in order to enforce her protest she has been obliged to sever relations with the German Empire. In taking this step the Chinese Government is fully aware of the consequences attending such an action. The question arises, What grievances, if there are any, has China against the Central Powers? What are some of the reasons that have made China decide to cast her lot with the Entente?

Perhaps the most obvious reason that China has for entering the war is an economic one. Although China has no merchant marine in the Mediterranean or other European waters now jeopardized by the German submarine policy, her commercial interests are far from unaffected. China imports from and exports to the European countries on an enormous scale. Especially are her commercial interests bound up with those of Great Britain, who has been one of China's largest customers as well as one of her best providers. Great Britain purchases more tea, silks, and other native products from China than any other country. In return she supplies the needs of the Chinese for manufactured articles of all sorts. The German submarine war has greatly hampered China's trade relations with Great Britain. On account of the shortage of her cargo space, Great Britain has been forced to prohibit the importation of foreign tea, which, of course, is a direct blow at China's trade. On the other hand, on account of the reduction of importation from Europe, China has been obliged to turn to the Japanese to supply her needs, and they have been charging her exorbitant prices for their goods.

In this connection we must consider the economic inducements that have been offered to China as a condition of her participation. It will be recalled that the allied Governments have promised not only the suspension of payment of the residue of the Boxer indemnity, but also the revision of the tariff in case she joins the war. From the Chinese viewpoint the first offer is of very doubtful advantage for the war, which has closed all European money markets to the Chinese loans, has made her exert herself in the way of financial reorganization and national economy to a degree that could not have obtained under ordinary circumstances. In my opinion this self-exertion is responsible to a large extent for the rapidity with which China has reorganized her financial system, which was thrown out of gear by the revolutions of 1911 and of 1913. It makes her rely upon her own people, and the increasing confidence and interest which the Chinese people have shown in their Government since the formation of the republic account for the phenomenal success of the domestic loans in China. Now the suspension of the payment of the indemnities would not only make China relax her efforts at self-maintenance, but may also bring her serious embarrassment when the time for the payment of the deferred debts arrives.

While suspension of payment of the indemnity is of doubtful advantage to China, the revision of the tariff offered is a different matter. The existing tariff rates, it will be recalled, were imposed on China by the Western Powers at the end of the last century. They are not to exceed 5 per cent, ad valorem. The value of goods is fixed on

the average prices from 1897 to 1899. As prices have advanced very considerably during the last decade, these nominal advalorem 5 per cent. rates now do not amount to more than 2 or 3 per cent. in many cases. The injustice of such a system can readily be seen when one remembers that Chinese goods are taxed in foreign countries at rates of 50, and, in some case, 100 per cent. These rates have deprived the Chinese Government of one of the largest sources of revenue coming to every country, and have been responsible to a large extent for a large part of China's financial difficulties during the last decade. The revision of the tariff, with a subsequent increase of the rates to a more reasonable basis, will be of great benefit to China, and will probably compensate her for part of the material sacrifices that she will have to make if she joins the war.

The most important reasons for China's participation in the war, however, will be found to be political rather than economic. When the war broke out in 1914, China had every desire to keep out of it. But the participation of Japan brought the war home to the Far East. Under pretext of military necessity, Japan violated China's neutrality to a degree not at all incomparable with Germany's atrocious treatment of Belgium. Taking advantage of China's defenselessness, Japan has also tried to make China agree to transfer to her all the rights formerly enjoyed by Germany in China. At the conclusion of the war, the Far Eastern question will undoubtedly be one of the most important problems to be settled. Japan, for reasons that are obvious, has been trying by every possible means to prevent China from acquiring a voice in the coming peace conference. The desire to assure herself of a seat in the peace conference and to protect herself, if possible, from further exaction and aggression of her "friendly" neighbor has contributed no small influence in inducing China to take the step that she has taken. It may seem strange that a nation should ally herself with a group of nations in order to protect herself from the aggression of one of the members of the very group. But such is the paradox of international politics.

But in spite of these reasons it may be doubted whether China would have broken her relations with Germany had it not been for the co-operation and leadership of the United States. The Chinese people have always considered the United States to be their friend and have the greatest confidence in her. China desires to take the same stand as the United States and looks to her for support and assistance in her struggle against foreign aggression. The invitation of President Wilson to join with the United States to protest against the willful violation of the principles of international law by Germany and ruthless destruction of human lives on the high seas, which China has also suffered, is certainly a factor in bringing about the breaking of relations between the two countries.

It may now be asked, If China should enter the war what could she contribute? During the Chinese revolution it was estimated that China had about 1,000,000 soldiers. Although a large part of this army has been disbanded, it would be safe to say that today she has at least 500,000 men under arms. A new count just reported from Peking shows 458,600 under arms. It is not likely, however, that China will send her troops to Europe in the event of her participation. China can, however, assist the Entente in other ways not less effective. She has four modern arsenals, one of which is said to be among the largest in the Orient. It is connected with Peking by a railroad, which, in turn, meets the Trans-Siberian Railroad. With her large supply of iron, antimony, and other metals, China can turn out arms and munitions that will be of great assistance to the Allies. Japan has been one of Russia's chief sources of supply, but she depends upon China for her iron and the other metals used in the manufacture of arms. With these materials on the spot, China can supply Russia with arms more cheaply and perhaps more effectively than Japan.

Besides her material resources China has also an inexhaustible supply of human power. It is estimated that no less than 100,000 Chinese laborers have already been engaged in the various industrial and agricultural works in France and other countries of the Entente group. Although China may not send troops to Europe, she could easily furnish the Entente enough laborers to do almost all of their unskilled labor and a very large proportion of their skilled labor at much less than their present cost, thus releasing some millions more men for the front. The importance of China's entrance into the war is likely to be underestimated. With her resources and human power China will probably prove to be a factor of surprising importance to the casual observer.—*From The Annalist.*

Modern Pan-Asianism

From Christian Science Monitor

THE world may as well face the fact, sooner than later, that on the political as on the theatrical stage, whilst one act of a drama is being played in front, a subsequent act is frequently being set behind the scenes. The act, in the present instance, which is on the stage of the world's theater is the great war; the act which is being set behind the scenes is a Yellow Empire in Asia. A quarter of a century ago Mr. Pearson roused all Europe by a famous book upon the Yellow Peril. To no man did the threat contained in it appeal more strongly than to the present Kaiser, who drew a celebrated cartoon to illustrate the danger. But the Yellow Peril of today is not the organized military state of

China, as Mr. Pearson conceived it, and as the Kaiser illustrated it, but the domination of Asia by the Japanese, with the intention of forming a Yellow Empire. Such an empire would be a military empire, and Europe, at the very moment when it seemed to be shaking the fetters of militarism from its own wrists, would be faced by a necessity for renewing its military status, and accentuating its military preparedness. The challenge, in plain English, would be flung down to the white people, a challenge which they would be compelled to accept out of the necessity of protecting the liberties and institutions which have been growing up in their midst, since the commencement of the Christian era.

For this reason The Christian Science Monitor has always insisted very strongly on the necessity for the protection of the integrity of China. On the integrity of that country, indeed, the peace of the world will depend in the decades which are coming. The Japanese are a military nation, the Chinese essentially a peace-loving people. It is quite true that to some extent the domination of the Samurai has ceased in Japan, but the change is more apparent than real, and though Japan has developed, with wonderful ability, into a manufacturing nation, it is a manufacturing nation in which the purse is held as an adjunct to the sword, and in which the sword of the Samurai, call it by what name you like, still takes precedence, and takes precedence for economic as well as for nationalistic reasons, over the purse of the merchant. The spirit of empire is dominant in the Samurai, and it is this spirit of empire which is flooding the world with a propaganda and with a system of espionage which is hardly realized in the chancelleries of the world's foreign offices. Those nations which have large Asiatic interests perhaps know most about it. The Government of India, for instance, is perfectly aware that its ally is spreading a network of spies over the country, from the cantonments of the regiments in Quetta to the warehouses on the wharves of Madras. The old imperialistic Russian government which came in contact, disastrously enough, with the forces of the new Japan, in the great war which ended in the hoisting of the chrysanthemum flag over Port Arthur, knew much upon this subject. After its manner, however, it bargained with the Chinese. It was ready to permit Japan to bind Manchuria in economic fetters previous to incorporating it in the Japanese Empire, provided it, in turn, was permitted to swallow outer Mongolia, and to establish trade banks in the line of its own advance. What will be the fate of the far eastern provinces of the Russian Empire remains still to be seen. But the fact that the Russian Empire is in the melting pot relieves Tokio of a great nightmare, and strengthens the hold it has already gained, through its economic permeation of Manchuria, and by its military outposts in Inner Mongolia and the South.

The fact is that, whilst the United States have been troubling themselves unnecessarily over a threatened invasion of California, Japan has been using its fears as a blanket to cover a policy far removed from any such a harumscarum intent. As has been pointed out, untiringly, in these columns, the immediate object of Japanese diplomacy is the control of China. The control of China would give Japan not merely one of the greatest recruiting fields in the world, but the control of one of the vastest and richest markets in the world. Japan alone, confined to her own resources, could do little, but Japan dominating at once the millions of the Chinese provinces, their untold natural resources, and their immense opportunities for trade, would become rapidly a power to be reckoned with.

Now if there were any reason to suppose that Japan would be satisfied with the absorption of China, the question might be one which, however unpleasant for the Chinese, might not arouse any particular anxiety in other countries. Fortunately or unfortunately, therefore, the ambitions of Japan are only too well known. The absorption of China would be only the first step towards the building up of a vast empire, intended to control Asia and the islands of the Pacific. It is with this end in view that Japan has spread her spies, as has been said, from one end of India to the other. It is with this end in view that she has pushed her outposts over the Mongolian border towards the Russian frontiers. There would be no room for Vladivostock, no room for the Chinese treaty ports, no room for a British Empire in India, or for a French Empire in Indo-China, if the destinies of the Far East should pass into the hands of Japan. Nor is this all. Japan has cast her eyes over the whole range of the islands of the Pacific. Java and Sumatra, the Malay Peninsula, the Philippines, the Carolines, Samoa itself, all these are part of the scheme of Japanese domination in the Far East. Her designs, indeed, go further than this, and ultimately are intended to extend to that great island in the Pacific, the Australian Dominion itself, greater in extent than the United States.

It is just this perpetual interference of Japan in Chinese politics which causes the incessant difficulties with the other Powers. When, for instance, the Chinese Government proposed to intervene in the war, on the side of the Allies, the allied governments were suddenly confronted in communications from Sun Yat Sen containing threats of another Boxer rebellion. It was not that Sun Yat Sen and those who supported him had any affection for Germany, but simply that they were playing the Japanese game. The Japanese, at that time, had no wish whatever that China should intervene in the war not in the least out of any affection for Germany, but for the very simple

reason, that none of them had any greater wish to see the United Kingdom or the United States in close alliance with Peking. These men, then, are simply among the stalwarts of the pan-Asian idea as that idea has been preached and developed by Tokio.

An alliance between the great English-speaking democracies and the Chinese Republic is, of course, no part of the Pan-Asian scheme. It is the thing above all others to be avoided in the estimation of Tokio, and so the Chinese supporters, of the Tokio point of view did not hesitate to insinuate that the attempt to align China with the United Kingdom and the United States might involve another Boxer rising. The suggestion, of course, was an outrageous one, especially as such a movement without the support of the Pan-Asian leaders would have been an impossibility. But it indicates the lengths to which the Chinese adherents of the Pan-Asian propaganda are prepared to go in their support of Japan, and, to be understood, must be read in conjunction with recent happenings in the Republic of the Far East.

The Vanishing Mexican Dollar

BY CHANG KIA NGAU

Vice-President of the Bank of China

CHINA has now the most heterogeneous currency that can be found in any country, and it is in the most chaotic state. The special currency alone consists of more than twenty varieties, some foreign, such as the Hongkong dollar, the Mexican dollar, the Spanish or Carolus dollar, the American dollar, the Annam dollar, and the Japanese dollar. The Chinese dollars are named after the provinces, such as the Kirin, the Fengtien, the Peiyang machine factory, the Tsaopi central mint, the Kiangnan, the Hupeh, the Anhwei, the Yunnan, the Szechuen, the Kwangtung, the Tai-Ching, and the Yuan-Shih-kai dollars. In recent times, however, the Mexican dollars and the Yuan-Shih-kai dollars have come into more general use. But as the import of Mexican dollars has ceased and as exportation has taken place since the outbreak of the European war, the quantity in circulation has gradually become contracted and the people have had to fall back upon the Yuan-Shih-kai dollars. It is true that the latter have become more and more popular, yet it is still a debatable question whether the Mexican dollars will regain their former importance and influence or be superseded forever by the Chinese dollars. Let us now trace the past history of the silver coins and try, by pure reasoning, to see their future tendency.

1. The great influence of the Mexican dollars and the reason therefor. The Mexican dollars first came into use in 1497 in North America, and toward the close of the 16th century became current in the Philippines and in different parts of China as well. The mere fact that in the Philippines, before the Americans took possession of them, there were already 30-40 millions of Mexican dollars in circulation proves the unusual penetrating and diffusing power of the coin. America first passed an act which made them a legal tender. Then other countries followed promptly, although not in such a formal way. It is therefore not surprising to see that in the eighteenth and nineteenth centuries they became current almost throughout the world. The following table shows how rapidly the export of dollars from Mexico increased during 22 years. (1881-1903).

Date	No. of Dollars Exported
1881 - 1882	29,207,000,000
1882 - 1883	41,919,000,000
1883 - 1884	46,861,000,000
1884 - 1885	46,812,000,000
1885 - 1886	43,797,000,000
1886 - 1887	49,330,000,000
1887 - 1888	49,079,000,000
1888 - 1889	60,389,000,000
1889 - 1890	61,680,000,000
1890 - 1891	43,426,000,000
1891 - 1892	75,661,000,000
1892 - 1893	88,045,000,000
1893 - 1894	80,084,000,000
1894 - 1895	95,020,000,000
1895 - 1896	110,022,000,000
1896 - 1897	117,784,000,000
1897 - 1898	138,068,000,000
1898 - 1899	148,454,000,000
1899 - 1900	158,248,000,000
1900 - 1901	158,009,000,000
1901 - 1902	168,041,000,000
1902 - 1903	197,729,000,000
Total	2,008,656,000,000

The reasons for these rapid increases are:

(1) The enormous production of silver in Mexico. Mexico is beyond question one of the richest mining countries in the world, and silver ores were first mined there in large quantities. Between 1493 and 1850 Mexico produced over two-thirds of the world's output. The total production of silver in the world has amounted to 149,820,000 kilos, while Mexican lodes alone contributed 62,657,000 kilos. Its silver is the monetary standard in a number of countries, and with the dollar as the unit of coinage, Mexico exports silver dollars in any number to foreign lands every year.

2. The rapid growth of the trade of Spain. The naval supremacy and commercial pre-eminence of England are comparatively of recent origin; indeed, of no greater antiquity than the war with Spain. Before then, Spain had control over the sea; her commercial supremacy was so overwhelming that she scarcely admitted any other nation to the honors of comparison; her navy was invincible. And since Mexico was then a Spanish colony, Mexican dollars were sent to different countries to settle trade balances and consequently scattered everywhere.

3. The high and constant percentage of silver in the Mexican dollar. Mexican dollars, when first issued (1497), always contained over 93% of silver and varied only slightly in weight. Since 1728, the percentage of silver was reduced to 91.6, and the weight was also reduced 1.5%, on account of a rise in the costs of coinage. In 1772 the dollar contained only 90.2-7/9% of silver, while the weight remained unchanged. Since then there has been no appreciable variation in the composition, for a dollar coined at the present time contains at most 5.9% less silver than one issued in 1497. The fact that the Mexican dollar contains a higher percentage of silver than any other dollar (for no American,

Spanish, Indian, Hongkong, Annam, or Japanese dollar has a pure content of silver exceeding 90%) and that this amount is practically constant causes its wide distribution and universal acceptance. And the exact ratio (90.2-2/9 : 7-2/9) was made standard by law.

According to the results of analyses obtained at the Nanking mint, the composition of the different varieties of foreign coins seems to vary somewhat. Nevertheless, the approximate composition of some of the common kinds can be shown in the following table:

Variety of Coin	Gross Weight in Kuping or Treasury Tael	Pure Contents of Silver	Weight of Copper
Mexican	.7284	.6569	.0715
"	.7222	.6534	.0688
Carolus	.7215	.6506	.0709
"	.722	.6494	.0726
Hongkong	.7243	.6478	.0764
Japanese	.7213	.6473	.0739

The statistics of the Board of Finance show that in 1907 there were 1,100,000,000 silver dollars of various kinds in circulation, and that the most abundant are the Mexican dollars, amounting to 400,000,000, over one-third of the total. Since then, they have been driven out as fast as dragon dollars are allowed to take their place. In order to understand why the Mexican dollars go out of circulation, a brief account of the reformation of the monetary system in China is necessary.

The Coinage of Dragon dollars in the provinces. In the spring of 1887, Chang Chih-tung, governor of Kwangtung, made a petition to the emperor, Kwangsu, in which he stated that in the treaty ports and commercial centers of Kwangtung, Kwangsi, Fokien, Chekiang, Anhwei and Hupeh, as well as in Hunan, Szechuen and Tibet, Mexican dollars had been the chief currency, and that if the law should authorize the coinage of dragon dollars in Kwangtung, the Mexican dollars would tend to be displaced and disappear from use. The Emperor favored his idea, and in the following year (1888), the Canton mint commenced to coin dragon dollars. Chinese characters were impressed on the coinage, (known as the Kwangsu Currency), the gross weight of the coin being 0.73 Tsao-ping taels. An English translation of the Chinese characters was impressed on the coin so as to facilitate trade clearings with foreign countries. The coins were made a legal tender, receivable for debts, for official salaries, and for taxes and duties at the Customs and Likin stations, and were also receivable in payment of the Customs dues in the same manner as foreign coins. This was the beginning of the use of dragon dollars in China.

The example was soon followed by other provinces, Hupeh taking the lead. In 1896, the Ministry of Finance made suggestions to refrain from establishing a mint in Peking, but instead, to enlarge those already established in Kwangtung and Hupeh. They added that it would not be a bad idea to let the provinces along the Yangtse valley and along the sea coast also have their own mints and have dollars bearing the names of their own province coined there. Governor Liu of Kiangnan supported it. In 1897 the mints were all brought to completion, and in a short time dragon dollars flooded the market. The Board of Finance then began to consider the question of revising the coinage laws, and passed another act in 1898, which included the Shantung dragons in the list of authorized coins. Thenceforward authorized coins of Chili, Anhwei, Chekiang, Fengtien, Kirin, etc., made successively their appearance, till at present there are more than fifteen varieties of Chinese dollars in circulation. This brief account of the coinage system can be referred to in the petition papers of the Ching dynasty.

In one of the petition papers of the Board of Finance of 1905 it is stated: "The primary purpose of allowing Kwangtung to issue dragon dollars was to stop the import of Mexican dollars from abroad and drive out those already in. Accordingly, the mints there together with those of other provinces, have been issuing a flood of coins, and the production has constantly increased. However, they have been using different stamps, and their coins are naturally different in size and composition. Constant debasement has also reduced them far below the original weight, so that they differ considerably in purchasing power from one another, and even the same coin has different purchasing power at different times and places. The people of one province hesitate to accept the coins issued in the other, every province considering the coins of every other province as debased. This attracts the Mexican dollars back into circulation and makes the condition worse then ever. It would be wise at present to legalise the use of uniform coins, coins of a standard weight and composition, and to have them coined at the national mint. The mints of Kwangtung and Hupeh, and the Peiyang and Nanyang mints might well be changed to branch factories, and the molds of the standard coin be distributed by the National mint."

After the presentation of this petition, coinage at the provincial mints stopped for a while, and the government began to estimate the amount of dragon dollars that had been placed in circulation from 1887 to 1905. It would have been an easy thing to do, had not the Board of Finance for some reason to allow Yunnan and some other provinces to coin their own dollars in 1906. In 1913 the comptrollers of the Financial Board tried to do the best they could, in securing approximate figures for the sum total of silver dragons that had been coined at the mints of Tientsien, Canton, Wuchang, Chingkiang, Szechuen, Kiangnan, Fengtien, Yunnan, Honan, Hunan, Fokien, Kirin, Kiangsu, Anhwei, Shantung, Kiangsi, and Chekiang. From the time, the Kwangtung dollars appeared in circulation to the time the report was made there were altogether 206,028,152 dollars. The following report gives the weight, composition and year of mintage of the one-dollar pieces of the leading mints of China.

Name of mint	Year of Establishment or Date of First issue	Gross Weight in Kuping or Treasury Tael	Pure Content of Silver	Weight of Copper
Kwangtung	Kwangsu	.7245	.6540	.0705
Hupeh	"	.7226	.6530	.0696
"	Hsientung	.7261	.6547	.0714
Kiangnan	1898	.7243	.6538	.0705
"	1902	.7074	.6386	.0688
Peiyang machine-factory	1898	.7289	.6492	.0797
Peh Yang	1897	.7396	.6582	.0814
Fengtien machine-factory	1899	.7247	.6207	.104
Fengtien	1903	.7074	.5959	.1097
Manchuria	1907	.7191	.640	.0799
Kirin	1900	.6988	.6178	.081
	1905	.6977	.6249	.0728

Szechuen	Kwangsu	.7179	.6437	.0742
Anhwei	1898	.7229	.6477	.0762
Central	Kwangsu	.7209	.6521	.0688

3. The Yuan Shih Kai dollar the future substitute of the Mexican dollar. The picture drawn in the petition of the Financial Board represented what actually happened in the country: There had never been such a time before in China as this when confusion in the coinage system reached a climax. The force of custom and the ignorance of many persons concerning the actual experience of using their own coins served to continue the currency of the Mexicans. The somewhat large supply of dragon dollars (more than two hundred millions) meant nothing. It might have been easier for China not to have coined her own dollars. The country's only hope was to melt up the old dollars and to issue a uniform currency. The coinage of Tai Ching dollars in 1911 seemed to point in that direction, but it was unfortunately interrupted by the breaking out of the Revolution at Wuchang in the autumn. The latest coin was the one which bore an image of President Yuan and was issued at the Tientsin (afterward at the Kiangnan mint also) mint on Dec. 24, 1914. This new coin met every aforesaid requirement, attracted everybody, became current everywhere, and displaced every other coin as fast as it was placed in circulation, even where the Mexican dollar was the only coin that was agreed upon as a means of payment; such as in the silk trade at Wusih, Ningpo, etc. And in such places as Tientsin, Hankow, etc., where it had been customary to use the dragon dollars, the displacement was all the more rapid. The Mexican eagles, which suffered only a little in their competition with the two hundred millions of dragons, had decreased considerably in influence within a few years.

According to the coinage laws each dollar should be given a weight of 7 mace and 2 candareens, in Kuping tael, and should contain 90% (.648 tael) of silver. But since at the time this standard coin was agreed upon China was in the greatest financial distress, she was unable to bear the expense of coinage, and as the Peiyang dollars had been issued in great numbers and used long in the country, and also as the new coins were to contain a higher percentage of silver than the old Peiyangs, the government would have to suffer greatly in the process of converting one form into the other, it was decided to adopt the legal ratio of 89 (silver) to 11 (copper), and retain the former mintage allowance, which was .003. [*i.e.* deviations from the legal amount of silver should not exceed three per mille; in other words a coin should not contain more than 89.267%, or less than or 88.733% of silver]. As mentioned above, the mints at Nanking and Tientsin were first opened to their coinage and the coins were welcome everywhere. The government had besides agreed with the Bank of China, the Bank of Communication and the Guild of the national banks in the following terms: for the time being in Kiangnan, Hupeh and Kwangtung Tai Ching dollars may still circulate; owners of dragon dollars other than those authorized may bring them to any of the above mentioned Banks and exchange for new Yuan Shih Kai dollars if they were badly defaced; daily fluctuations in the exchange between the dragon dollars and the taels will be no more announced in terms of the old dragons as had been the case hitherto, but in terms of the new coin; each of the above banks will redeem twenty thousand dollars of different kinds every day. After these terms were published, the people began to like the coin more and more. Although the exact number of dollars produced at the two mints is not available, we are safe in concluding that the total is over eighty millions, about one-fourth of which were converted from the old coins. We hope that as soon as the country is financially better off, the supply will increase. The percentage of silver in the different coins that were in circulation before the Yuan Shih Kai dollar was issued compare with the legal standard value as follows:

Name of Coin	Percentage of Silver.
Yuan Shih Kai	89.00
Tientsin Central	90.03
Peiyang Branch	88.89
Peiyang machine factory	89.00
Tai Ching	89.45
Manchuria	88.95
Fengtien	84.35
Fengtien machine factory	84.55
Kirin	88.94
Anhwei	88.72
Hupeh	90.01
Kiangnan	89.95
Szechuen	88.68
Szechuen Military Government	87.86
Kwangtung	89.96
Yunnan	88.88
Spanish law	89.95
Mexican	90.04

4. The disappearance of the Mexican dollar the natural tendency. Let us now turn our attention for a moment to the monetary conditions in some

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other countries, and see how the Mexican dollars had stood there among the different kinds of coins. Before the eighteenth century Spanish and Mexican coins were equally popular in the United States, holding just as good as the native coins. In 1792 congress established a national coinage and in the course of a few years coined two million American silver eagles. However the foreign coins were then too powerful to be driven out, consequently in 1827 Congress withdrew the act which made them a legal tender, and as a result they began to disappear. At the same time came the discovery of gold and silver in the western states, particularly in California and Nevada. The government determined to issue a new coin, to make use of the white metal which was being mined; and allowed gratuitous coinage and exemption from export taxes, for new coins, similar to the Spanish, but weighing 420 grains; they were primarily issued for use in Oriental trade. The people in the Orient had received them with gladness, and called them trade coins, and within a few months the markets of Hongkong, Singapore, etc., had a full supply of them; in a period of sixty years the American mints had produced more than $36,000,000, most of which gravitated to the Orient, taking the place of the Mexican dollars.

The same was true with Japan. Various dollars were in circulation in different parts of Japan, Mexican dollars being the most important. The government had long thought to get rid of them, but the undertaking was not so easy as it was in other countries. About the year of 1870, Japan began to coin dollars nearly identical with the old Spanish dollars and declared such dollars full legal tender, in the hope of substituting the Mexicans. However, on account of a slight inferiority in the composition of the coin, the people stuck to the use of the old currency. But no sooner was the percentage of silver raised than the bankers who shipped bullion selected and exported the best coins for paying foreign debts (a case in which Graham's law operates, which states that bad money tends to drive out good). The government had to return to the old composition. Fortunately silver just then began to fall in value. This prevented the export of coins, and favored their production, thus causing a rapid distribution into different parts of the country and prompt displacement of the Mexicans. Between 1871 and 1897, 110,000,000 were placed in circulation. The surplus over this amount was exported to China, Korea, Annam, Singapore and other places of the Malayan Archipelago, where it helped the native coins to compete with the Mexican coins.

Before Annam was annexed to France, her currency consisted chiefly of Mexican dollars. The French resorted to the coinage of Annam dollars to drive them out. These were made in the same form as the Mexican, and of the same fineness as the American dollar. During the decade 1901-1911 the supply amounted to 13,000,000. But owing to their superior bullion value, goldsmiths selected the heaviest and most valuable ones for the purpose of melting them up into bullion, so that they began to decrease in number. To prevent this, the French government reduced the amount of silver in each coin as was necessary and Mexican dollars were also destined to leave the place.

Hong-kong was ceded to Great Britain in 1841. The standard adopted there was different from that of the English coins. In 1860 England established new mints, which turned out a total production of two million dollars. These coins created inconvenience in making exchanges, since they had an inferior bullion value and a lower purchasing power than the Mexican dollars. The mints were at once closed to further coinage. The people kept on using the Mexican dollar, until later for some reason the supply of Mexican dollars became inadequate and the mints of India placed $150,000,000 in circulation. From that day to this the Indian dollars have constituted the Hongkong currency.

Not long after, Singapore adopted the same currency, and passed a law in 1903, prohibiting the import of Mexican dollars. The combined effects of these two steps put an end to the circulation of the latter.

We have seen how the Mexican dollars disappeared from the above mentioned places, one after another, the reasons being threefold: (1) due to the competition of the national coins, such as the silver eagles in the United States, the French coins in Annam, and the Indian dollars in Hongkong and Singapore, (2) due to the different restrictions of the government, for instance the United States Congress declared the Mexican dollar non-legal tender in 1857, the Japanese government confined the legal tender law to the national coins, and lastly the act of 1903 dropped their further import into Singapore, and (3) due to the competition of the different new coins to find place in foreign lands (thus the American eagles tended to flow into Japan; the Japanese, French, and American dollars, into Hongkong and Singapore; the Indian dollars, into Annam; and so on.) Thus it was not only impossible for the Mexican dollars already in circulation to stay where they were to compete with the national coins under the coinage laws of the land, but also difficult for those on the outside to compete with other coins which were equally adapted to find a way into those places where the law did not restrict them.

What was true at these places was also true in China. At first, the Spanish, the Ching, and the Japanese dollars came into use and displaced some of the Mexicans; then the more desirable Chinese coins issued in the provinces began to drive more of them out of circulation. Investigations into the monetary condition disclosed the following facts:

Name of Province.	Coin in Circulation in 1914
Chili, Shantung, Honan, Kansu, Shensi, Shansi, Manchuria and other Northern Provinces.	Chinese dragon dollars.
Anhwei.	Chinese dragon dollars (Spanish dollars before the Revolution)
Hupeh.	Chinese dragon dollars.
Kweichow, Yunnan and Szechuen.	Principally Chinese dragons, (Mexican dollars in small number).
Kiangsi.	Principally Mexican dollars (Between 1914 and 1917, Mexican and Japanese dollars in concurrent circulation; both are being displaced by Chinese dollars.)
Hunan.	Principally Mexican dollars (since the issue of paper money, ready money passed out into other provinces. Very few Mexican dollars remain in circulation.

Fokien.	Principally Mexican dollars (largely displaced by the Japanese and chop dollars which are in turn being displaced by the dragon dollars.)
Kwangtung.	Principally Mexican dollars (now entirely superseded by the small coins. One may find Mexican dollars only now and then at the money-sample collectors.
Chekiang.	Mexican and Chinese dollars in concurrent circulation; after a year or two, the Mexicans will be removed to Shanghai and their place taken by the Chinese dollars.
Kiangsu.	Chinese dollars in cities lying to the north of the Yangtse River, and a decided drift toward the use of same prevails in Wusih, Soochow, Tungchow, etc., to the south.

We see then that the Mexican dollars are now powerful only in Kiangsi, Chekiang and in the region around Shanghai, and in the first two places the total displacement can be expected in the near future. The Mexican eagles may have at least a foothold in Shanghai and its vicinity until the next issue of Yuan Shih Kai dollars appears to take their place. The total amount left in the country is said not to run up to 200,000,000, and the latest statistics show that there had been a constant increase in the export and melting up of them.

	Number of Mexican dollars imported.	Number of Mexican dollars exported	Net Export	Number of Mexican dollars melted up.	Total Deduction from the Supply.
1917	4,570,007	3,117,424	1,463,423	5,550,000	4,096,577
1915	2,939,363	10,366,714	7,427,350	5,800,000	13,227,350
1916	3,396,035	6,209,581	2,633,547	2,050,000	4,683,547
1917 to June 15 over		10,000,000			
1917 to July 15				5,500,000	

There was a maximum deduction of 13 millions, and a minimum deduction of 4 millions in the supply of Mexican dollars. Between 1914 and 1917 the annual deduction has averaged more than 7 millions. Certainly in the course of 30 ($\frac{200,000,000}{7,000,000}$) years the entire supply will be cut down to nothing. Moreover if the production of the Yuan Shih Kai dollars should increase, it would not even require that period to drive the Mexican dollars out of China.

From what we have known of the destiny of the Mexicans in foreign lands, and of the tendency in China, it is perfectly clear that it could not remain long in the country. But to keep both Mexican and Chinese dollars in concurrent circulation will bring about complexity in the coinage system and create inconveniences in making payments. So we sincerely hope that the Financial Board will employ such methods as will make the undertaking of driving the Mexican coins out of circulation most simple and successful.

According to the writer's humble opinion, the present is the time we are looking for. For recently the Mexican dollars have fallen in value, and it would be wise to buy them for the purpose of melting them up, and as soon as the supply begins to decrease, to declare them non-legal tender and forbid their import. This would need only a few years to produce the result which we aim to produce.

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It is necessary to add that the Bankers in Shanghai, ignorant of the natural tendency of the current coins, have adopted the Mexican dollars as the standard. We wish we could be convinced of the reason for their doing so.

Week's News Summary

THE WAR

July 25. French regain dominating positions in Craonne Plateau.

July 26. Artillery battle in progress in Flanders between the coast and the Lys.——Russians retreating on Carpathian front in the direction of Czernovitz.——General Korniloff in order to enforce discipline among the Russian troops orders the artillery to fire on troops in the 11th Army; a whole division is practically exterminated.——German telegrams admit sinking of four German submarines by American destroyers guarding the transports bringing the first American troops of the line to France.

July 27. Announcement made that Germany and Great Britain had made reciprocal agreement providing for more liberal treatment of prisoners.——German submarine grounds west of Calais; crew taken prisoners.——Almost the entire crew of the Glasgow steamer Mariston, torpedoed by a German submarine, are devoured by sharks while swimming in the water, appealing to the submarine commander for assistance.——Allied Balkan conference adjourns after resolving that the Allies will evacuate Old Greece, Thessaly and Epirus at the earliest possible opportunity.——Russians evacuate Czernowitz.——Russian government closes all frontiers until August 15.

July 28. Tremendous artillery battle in progress northward of Armentieres.

July 29. British submarine captures German steamer Batavier in North Sea.

July 30. British Admiralty announces loss by torpedoing of the 11,000-ton cruiser Ariadne, together with 38 of the crew.

July 31. Field Marshal Haig's troops advance their line on a front of fifteen miles between the Lys and the Yser; French co-operating, penetrate German defences to a depth of two miles, and capture Steenstraat. Formidable artillery preparations had completely levelled the German organizations.——Russian

retreat on Galician front continues, German troops having entered Russia east of the Zbrucz river; but the Russians show signs of strengthening and push back the Germans south of Casinului; British armored cars give invaluable aid to the Russians, covering the retreat and dealing with Russian deserters.

August 1. With heavily massed formations, supported by armored motor cars and cavalry, a combined French and British force attacks the German lines in Flanders and penetrate the German defences at a number of points; the Germans permanently abandon Bixschoote. ——British Admiralty report shows 18 ships over 1600 tons and 3 ships under 1600 tons sunk during the week.——Generalissimo Brusiloff has resigned and General Korniloff takes his place; General Tcheremisoff becomes Commander-in Chief on Southwestern front of Russia.

CHINA

July 28. Members of Parliament representing Heilungkiang, Kiangsi and Kwangsi arrive at Canton where they join the Kwangtung members. Sun Yat Sen wires to the military governors of the southeastern provinces to send delegates. Sun Yat Sen is receiving a very warm welcome.

July 30. China asks for another advance from the salt revenue, now standing at $13,000,000.

August 1. Feng Kuo-chang arrives in Peking; was met at the station by Premier Tuan, and conducted in a motor car for an interview with Li Yuan-hung. Feng urges Li to resume the Presidency, but the latter declines.

August 2. Announcement made that Feng Kuo-chang will assume Presidency as soon as preliminary arrangements are completed; eleven provinces express approval of convocation of a National Council.—— Chow Tzu-chi leaves Japan for China.

JAPAN

July 28. Announcement made in Tokio that the Diplomatic Commission has decided that Japan's attitude to China, while not departing from a policy of non-interference may assume when necessary a more definite and more tangible form for helping such among the politicians in China as are deserving and considered most able to cope with the situation, and to establish and maintain stability throughout the country.

July 31. An Imperial Ordinance promulgated to be enforced from August 1 makes drastic changes in the system of colonial administration. The Chosen Railways are brought under the management of the South Manchurian Railways and the offices of the President and Vice-President of the same company are abolished; the company will be managed by a board of directors who will be under the direct control of the Governor-General of Kwantung; the President and Governor-General of Kwantung will be replaced by the President of the South Manchuria Railway, Baron General Yujiro Nakamura, who, by special Imperial order, will be removed from the retired list and reinstated for active service for assuming the governorship of the Leased Territory.

GENERAL

July 25. Russian and British Socialist representatives decide to hold an Allied Socialists' Conference in London August 9.——A Canadian loan of G.$100,000,000 for two years is negotiated in New York through the Morgan syndicate.

July 26. Canadian House of Commons passes Bill granting 160 acres of land and a loan of G.$2500 to returned sailors and soldiers.——Lord Rhondda calls attention in the House of Lords to the fact that the average cost of food had doubled since the beginning of the war.

July 27. Premier Kerensky declares there is no danger of a counter revolution in Russia; efforts being made to form a coalition cabinet.——Secretary of the Treasury McAdoo before Congress estimates that the first year of the war will cost America over ten billion gold dollars.

July 28. The British Cotton Trade Board of Control decides to enforce a further reduction in output of spinning mills; heretofore the mills have been running at eighty percent capacity; now they must run at only sixty percent capacity.——Disorderly scenes occur in connection with "peace" meetings in various parts of England.

July 29. Switzerland decides to make Germany a substantial loan as the only means of securing coal.—— In an address to the officers of the Reserve Corps at New York, Secretary of State Lansing stated that America was fighting her own battles, but that no nation was safe until Germany was beaten.——Count Czernin at Vienna announces that Austria and Germany were as one on the peace issue.

July 30. Questions in the House of Commons disclose the fact that Arthur Henderson, a member of the War Cabinet, had gone to Paris to attend (in his capacity as Secretary of the Labor party) the Allied Socialist Conference in Paris.——British Ministry of Shipping issues a statement showing that half of the shipping previously in foreign trade had been brought home; the withdrawal of ships has greatly injured many British export trades, particularly to India and the Far East.——Mr. Balfour in the House of Commons states that Britain wanted to diminish the future prospect of war by diminishing the number of reasons driving nations to war; all were agreed that by satisfying legitimate national aspirations a great deal could be done to that end; if France asked for Alsace-Lorraine Britain would support her, but France was not asking that, but fighting for her very existence.

July 31. The Allied Socialists in Paris accept the invitation of the Russian delegates to attend the Conference at Stockholm September 9. The Times states that German labor will be represented at the Stockholm conference.——Donaghue's Gay Crusader wins the Derby stakes, run at Newmarket, England.

Angust. 1. The Kaiser in a proclamation to his people insists that despite the numbers engaged against them the Germans will be victorious.——Explosion occurs in South Wales munition factory; six persons killed.

August 2. Lancashire cotton operatives demand full time pay if Cotton Trade Board enforces ruling for reduction of spindles to 60% of capacity of mills. Cotton Control Board considering levy on owners of machinery for benefit of 40,000 idle workers.

America

The American government has placed orders for 60,000,000 pounds of copper with American copper producers.

U. S. Supreme Justice Brandeis has granted the petition of Alexander Berkmann and Emma Goldman for an appeal from the sentences imposed upon them by a New York court for working against conscription. Justice Brandeis and the petitioners are Jews.

President Wilson July 20 pardoned all suffragettes who had been serving terms in the workhouse for their part in disturbances some time ago in the campaign conducted in Washington to secure votes for women. The women accepted the pardons, but threaten to resume their picketing of the White House.

Soldiers, sailors and marines broke up a Socialist parade and anti-conscription demonstration in riots centering on Boston Common July 10. Hundreds of Socialists were beaten and forced to kiss the flag on their knees. The headquarters of the Socialists was raided and wrecked. Furniture and pamphlets were thrown into the street and burned. Red flags were taken from paraders and torn to bits. Socialist bands were forced to play "The Star Spangled Banner."

Alfred Cocchi has been apprehended in Italy and has confessed to the murder in New York of Ruth Cruger, whose dead body was found several weeks after the crime had been committed in the cellar of the premises previously occupied in New York by Cocchi as a cycle shop. The New York police showed great stupidity in their handling of the case. The body was eventually discovered through the activity of Mrs. Grace Humiston, prominent in a society formed to render legal assistance to the masses at nominal rates. Her efforts proved, what the father of the murdered girl had charged in a letter to the Chief of Police within twenty-four hours after his daughter had disappeared, that Cocchi was the murderer.

Where Frankness is Friendship

From the Boston Transcript

Before any mission from Japan arrives in the United States the people of the two countries are entitled to know more about Japanese-American relations than their governments have thus far been disposed to tell them. Here is a case where frankness is friendship; where soft words serve no useful purpose; where facts are the only firm foundation for future understanding. Ever since Europe burst into flames the behavior of Japan toward the United States has been far from satisfactory. Even at that time a number of negotiations were pending involving principles hitherto regarded as vital among nations. Since that time the list of diplomatic questions pending has been added to, and today totals large in the ledger of the Department of State. To some shrewd observers Japan appears to be yielding to the temptation to accumulate a record of alleged grievances against the United States by multiplying and prolonging negotiations and by postponing the day of settlement. It is even intimated that the purpose of the approaching mission from Tokio is to press Washington for a settlement of several of the more serious accumulations of unfinished business.

The latest complaint of Japan is based upon the fact that the United States felt at liberty to address a note to China without consulting the Japanese Government.

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It is humiliating to see certain American critics subserviently assuming that our Secretary of State was at fault, and that Japan has a legitimate cause for complaint. They forget John Hay's fight to conserve what he termed the "administrative entity" of China; they forget his championship of the "open door" in China, which won not only the indorsement of this nation, but the respect of the world; they forget, and Japan ignores, the fact that the sweeping demands that went from Tokio to Peking not long ago were not only sent secretly, but were denied officially until evidence of their authenticity was so clear that further denial on the part of Tokio would have been futile. The United States was the friend of China when the Chinese numbered among their enemies not only Japan, but the European Powers. The United States was the first great Power to recognize the Chinese Republic. Since 1898 we have been a Power with rich possessions and a resultant vital interest in the affairs of Asia and in the control of the Pacific.

If the relations of Japan with the United States are to profit in peace time by the present temporary alliance for war purposes, their peoples must get upon a better footing than that on which the two governments now stand. There is danger that an earnest desire to remain on friendly terms with Japan will lead Washington into a duplication of the blunders that characterized the conduct of our diplomatic business with Germany. The effort to substitute words for action not only failed to ward off war, but did more than anything else to make war inevitable. Germany believed that America was really "too proud to fight." Japan ought to be saved from repeating Germany's mistake. Salvation can come only through the frankest sort of exchange of views. It may be that there are readjustments of foreign policy with respect to the Far East which we are willing to make that Japan would welcome, but such readjustments must be the result of initiative from Washington and not of intimidation from Tokio. We recognize no Japanese protectorate in China today, whatever may be our attitude to-morrow. We do not recognize any right of censorship at Tokio of diplomatic exchanges between Washington and Peking. As for the California questions, Japan can expect from this nation nothing more than is guaranteed by existing treaties, and nothing but whole-hearted support for the protection of the Pacific coast from any kind of Asiatic colonization. It is a poor service and now is a poor time to sidestep such differences of opinion. There they are and they must be faced. They involve American interests in the

Pacific that will not be sacrificed and that must not be ignored. If the Japanese mission were not well informed in these matters before they left Tokio, no time should be lost in putting the information at their disposal soon after their arrival in Washington.

Men and Events

R. Johansen, who has for the past year or so been manager of the Asiatic department of Andersen, Meyer & Co.'s head office at Shanghai, is temporarily taking charge of that firm's branch at Hankow in the absence of W. G. Pratt.

Eric Hope, brother of Richard Hope, Peking, and formerly an employee of the British American Tobacco Co., at Shanghai, was among those drowned at sea in the Indian ocean when the P. & O. s.s. Mongolia was sunk June 24 by striking a mine.

J. Morgan Clemments, mining expert with the American Department of Foreign and Domestic Commerce arrived in Tokio recently with 124 letters of introduction to leading Japanese.

There has been a recurrence during the week of cases of scarlet fever in Shanghai, among the victims being Miss Viola, thirteen year old daughter of Mr. and Mrs. C. L. Seitz, and J. M. Sanderson of the staff of Butterfield & Swire, their deaths both occurring August 2.

Appealed to by both parties, Justice Sausmarez of the British Supreme Court at Shanghai, acting as arbitrator, between Dr. Marsh and Hayley Morris in the matter of the amount of damages for libel to be paid by the latter for a communication printed in the North China Daily News, awarded Dr. Marsh Mex. $20,000—as against the award by jury previously of £5,000, which Justice Sausmarez held was excessive.

The Amoy branch of the Hongkong & Shanghai Bank at the British Court, Shanghai, July 30 was granted leave to appropriate to themselves $719.25 out of the Enemy Dividend Account, said sum having come into their hands as dividend from shares held in the New Amoy Dock by a German firm, Pasedag & Co. Said firm owes the Hongking Bank an overdraft of over a quarter million dollars.

The Yangtsze Inland Steam Navigation Company, registered at the Italian Consulate, through its manager F. L. Jovino, has filed a claim against Tsang Chi-li, salt commissioner of the Yangchow district, for the loss of a launch. Tsang is alleged to have commandeered one of the company's launches to take him from Nanking to Yangchow on a Sunday, when it was impossible to get clearance papers, and as a result the launch was confiscated by the Customs authorities.

Special Agent, Stanhope Sams of the American Deparment of Foreign and Domestic Commerce has recently issued a report showing the great increase of foreign wearing apparel in Japan. "The young men and the successful business men are very particular about the style of the Western clothes they wear, and even the high-class native tailors have their cutting done by English and American tailors," says Mr. Sams in his report.

Vivyan Davies, son of Captain Davies of the Woosung Forts Hotel, well known in Shanghai sporting circles, at present a Major of the British aerial force in France, writes to his father that the machine in which he was flying dashed to the ground from a great height; he miraculously excaped with his life, but part of his skull is crushed. It will take several months for him to recuperate, after which he will be invalidated out of the service.

A special cable despatch from London to the New York Sun says: A ludicrous situation arose in the Croyden military tribunal, when a manufacturer, pleading for exemption for his only male employee, said: "This man is the only one I have left. He is carrying on with eight women." The employer used the typical British term "carrying on" in its proper sense of keeping the work going, but the court mistook his meaning, and expressed indignation at the man's behavior.

Another American Commission has reached Japan en route to Russia in the person of Mr. J. Ralph Pickell, secretary of the Chicago Council of Grain Exchanges, as the representative of Mr. Herbert Hoover, now in charge of American food conservation for the war. Mr. Pickell goes to Russia primarily to see how the United States can help Russia in the way of sending her food, but he is also anxious to learn if Russia can reciprocate. This American food expert will inquire particularly into the possibilities of the export of the soya bean from Manchuria.

Four American business men arrived in Peking last week on their way to Russia, representing the National City Bank of New York. They are Mr. Harold J. Dreher of New York, who will go to Moscow to open a new branch office for his bank; Mr. Frank J. Maguire, his secretary; Mr. B. C. Hart, his assistant, and Mr. H. A. Koelsch. Jr. who will be an accountant in the new institution. This is the second branch the National City Bank has opened in Russia, a branch already having been established in Petrograd early in the war.

The electricity supply at Harbin is furnished by several private plants, the one belonging to Mr. Michkow enjoying the greater proportion of the patronage. Owing to the decreasing value of the rouble he had several times raised the prices, but recently the Administrative Committe stepped in and fixed a rate of twenty-five kopecks per unit. Mr. Michkow is making a furious protest. It may be mentioned that at present exchange this rate works out at about five tael cents per unit, which is less than half the rates charged at Shanghai, and it is not claimed that Shanghai's rates are exorbitant.

In view of statements appearing recently in several Shanghai newspapers, Dr. Wu Ting Fang has explained his position by stating that when the great political parties Kuomintang and Chinputang as well as other parties were formed some years ago, he was invited by all to become a member, the idea then being to get as many prominent men in the parties as possible; he had not taken active part in any party and is not a party man; in this sense, it was true, as had been stated, that he was not a Kuomintang or any "tang" man; he tries to be above parties, but this did not prevent his having sympathies with some of the political ideals of the Kuomintang, particularly those having to do with liberty and democracy.

Premier Tuan Outlines His Policy

Premier Tuan Chi-jui July 31 outlined his policy in a statement, as follows:

"I am the man who in 1911 advocated the abdication of the Manchu Emperor. I have always been one

of those who have faith and firm conviction in the republican form of government. So, when Chang Hsun raised rebellion against the Republic, I, moved by indignation and actuated by a sense of my duty towards the nation, at once rose in arms against him. Happily the result was satisfactory and the Republic was saved.

"However, in laying the firm foundation of a republic, an organ for the expression of the will of the people is absolutely indispensable. It is true that until recently there was such an organ in existence, but unfortunately, owing to its frequent going to extremes in its actions, it, contrary to expectation, brought about the recent insane attempt to restore the manarchy.

"Henceforward we will seek to have a popular organ which by its Constitution will cooperate with the Government and be suitable to the present condition of the people. Then it may be hoped that the republican form of government will be permanently secured in Eastern Asia and peace in China and the tranquillity of the Far East may be highly promoted.

"I believe the policy I have just outlined will suit the present condition of the people and should be conscientiously carried out. Although there may be opposition from the Radicals, yet in the interests of the welfare of the nation what I have just said should be put into execution."

Conditions in Russia.

Joseph J. Evans, of Edward Evans and Sons, is in receipt of a letter from Paul Anderson formerly engaged in Y. M. C. A. work in Shanghai, but now stationed at Petrograd. Parts of the letter that are of general interest as showing conditions in Russia since the revolution follow:

"We scarcely dare to eat, for fear we will not have sufficient funds to pay the bill—in spite of the fact that we are living in the palace of a millionaire that has been turned over to us.

"The political situation is still murky. On July 1, the offensive was resumed and there has been much better spirit in regard to continuing the war. Were it not for the utterly impossible demands of the working people with regard to wages and privileges, some speedy settlement might be reached, but one must remember that they have been terribly oppressed and must feel a little too elated in their new freedom.

"The food problem is mainly a result of disorganized and inefficient railway communication, for apparently there are good crops and even larger supplies of butter and eggs than before, but all are held up at the points of production.

"The American Railway Commission is now here and the American Special Diplomatic Mission which starts back today (July 9, 1917) for America will by their reports and suggestions doubtless secure the immediate aid of America in various ways.

"We are planning and already starting a large Y. M. C. A. programme here for the Russian soldiers. Seven Y. M. C. A. men who have been in prison camp work have been released for the new duty. Dr. Mott of New York who was a member of the Diplomatic Mission will send us a large number of new secretaries.

"The Russian authorities and the Church are standing splendidly by the Y. M. C. A. and giving every assistance. Prince Kropotkin is engaged in selecting Russian assistants for the American Y. M. C. A. secretaries in this great work."

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Women's Work

American Women's War Relief

Circulars are being prepared by the American Women's War Relief Work which will be sent to all American men in China soliciting subscriptions for the work which is to be done in China and then sent directly to Europe. The general name of War Relief Work has been deemed wisest to use, this covering all subscriptions for Red Cross, Navy and War Relief. Therefore, it is earnestly desired that the subscriptions may be really generous.

Materials which may be bought at cheaper prices in China will be bought here, and made by the American Women's War Relief, into whatsoever garments are most needed.

Subscriptions may be sent to Major C. P. Holcombe, 12 Whangpoo Road, Hon. Treasurer of The American War Relief Work.

The Nestle and Anglo-Swiss Condensed Mill Co. have very kindly offered to the American Women's War Relief Work space in their building at No 8 Nanking Road for work rooms, and their offer has been gladly accepted.

British Women's Work

The weekly report contains the following extracts:

War-Dressings and Bandages—There were 55 attendances at the War Dressing room last week. Owing to Mrs. Welch's absence, Mrs. Heaton-Smith

has taken over charge on Fridays and the room is open on that morning as usual. Hearing that Mrs. Calder Marshall had, with some assistance, rolled for the American Branch of B.W.W. 1,200 bandages in two weeks, we went to her house to see them and consider that the table laden with neatly packed parcels of ten was a sight to stimulate energy in these hot-weather days. Our members who are away are not less industrious, as a parcel of many-tailed bandages received from Mrs. Ferrier from Peitaiho, testifies. Mrs. Ferrier is one of our members in the War Dressings' room and qualified to take material away.

Treaty Port Centres—Mrs. Russell Brown draws attention to an error in reporting the Kiukiang contribution on July 16. The number should have been 39 not 29 as stated. We find the correct number entered in our Treaty Port book and are unable to tell how the mistake arose. Chefoo sends yet another contribution and Mrs. Gardner writes that the Hankow Centre has despatched direct to Bombay a present of war dressings as follows:—2,885 rolled bandages, 110 doz. swabs. and 435 war dressings of various kinds.

Far Eastern Press Opinion

The Monroe Doctrine and Japan in China

From the Peking & Tientsin Times

The policy of America in China for many years past has been summed up in three phrases, territorial integrity, the open door, and non-intervention. In some cases she seems to peoples of other States to have carried this policy to almost Quixotic extremes. Under the Democratic Administration the American Government even frowned upon any loan transactions which involved a measure of foreign control over China's finances. And when the Monarchy was overthrown America hastened to accord official recognition to the Republic before China, in the view of the majority of the Powers; had attained sufficient stability to justify such recognition. American interests in the Far East have undoubtedly surfered from the reluctance of the Administration to lend them its official support, and from failure to recognize that recent conditions in China have not justified participation in financial and commercial operations upon a really large scale without such support. Recently Washington appears to have entertained doubts as to the wisdom of carrying the policy of non-intervention to such an extreme, and has shown a disposition to afford political support to *bona fide* financial and commercial transactions.

But Japan may reasonably claim—and we think her Allies will support her in doing so—that a policy of political non-intervention can also be carried too far. It might be excellent, in theory, to permit the Chinese to settle their own internal differences if it would work out in practice. Unfortunately, it won't. During the past five years China has gone through a series of political convulsions, none of which has been without some effect upon foreign interests. Sometimes the effect has been indirect—loss of commerce, months of financial chaos etc. But in nearly every instance there has also been direct damage. Foreign property has been destroyed or damaged, foreign lives have been imperilled. Whenever the rival Chinese factions come to blows, some foreign interests suffer. During the present crisis we have had news of an outrage upon a British steamer in the Canton Delta which is bound to form the subject of a strong protest.

In 1914 America decided that there must be an end to "watchful waiting" in Mexico, and took steps which resulted in the resignation of General Huerta. The results have not been altogether encouraging, and there was considerable difference of opinion abroad, at the time, as to the wisdom of America's action. But no-one ever imagined that America was intervening from motives of self-aggrandizement or that she intended, herself, to do what other Powers were excluded from doing by the Monroe Doctrine. The day is, we fear approaching, when the only hope of restoring order in China will be some form of foreign intervention. The world is getting tired of perpetual strife in China, and many Chinese themselves would welcome any form of intervention that aimed, not at depriving China of any territory, or acquiring special commercial privileges, but solely at putting a stop to civil war. If that intervention becomes necessary before the end of the European conflict it is obvious that the principal *role* must be assigned to Japan and that it can only prove really satisfactory if Japan acts in frank and disinterested co-operation with her Allies. The extension of the Monroe Doctrine to China, not in a travestied, but in a genuine form, ought to satisfy her Allies, and America in particular, of her *bona fides*.

Chinese Press Comment

From the Eastern Times (Shanghai)

The interim President, Feng Kuo-chang, has gone to Peking. It is not yet known whether he will assume the office of President. According to Feng Kuo-chang he will urge President Li Yuan-hung to take over the office again, but in certain circumstances he may be invited to succeed Li Yuan-hung as President. The choice of an official to occupy the post of Tuchun of Kiangsu proves that Feng Kuo-chang is ready to assume the reins of the presidency. Certain persons have exhorted Feng Kuo-chang to assume the presidency, but the south-western provinces are opposed to him. That is the reason why Feng Kuo-chang had to take measures, before proceeding to Peking, so that he could either become President, or refuse to do so, according to circumstances.

From the Tsung Hua Hsin Pao (Shanghai)

The government, legitimate or illegitimate, is compelled to make loans. Even though the people desire to support only the legal loans of a legitimate government and refuse to recognize loans made by an illegitimate government, the pretended government finds a way to make loans. The Bank of Communications makes, for the account of the government, a loan of $15,000,000 from the Japanese, with the proceeds of interior loans as security. Although the conclusion of this loan has not yet been reached, the people cannot consider a loan negotiated by the Bank of Communications as being for their account. The people will never recognize loans which they have to bear the burden of if they are not approved by the parliament organized by the representatives of the people. Liang Hsi-yi is nicknamed "the Buddha of riches" because he can conclude loans. The false Minister of Finance Liang Ki-tsao, for fear that the bank syndicate will refuse to treat with him, requests the Minister and Vice-Minister of Communications to confer with the bank syndicate. It is not strange that he is called "statue."

The Cash Smelting Scheme Again

From the Peking Gazette

The Chiao Tung clique and the group of reactionary mandarins are again at work. Now the Tuan Chi Jui Cabinet is once more in existence and Parliament removed, the so-called Union of Chambers of Commerce has petitioned the Government, asking that the cash smelting scheme as approved by the former Tuan Chi Jui Cabinet be at once given official sanction so that it may be put into operation at the earliest possible date. All things are possible in the absence of Parliament. That is why Parliament is so hated by the professional mandarins, as the publicity of Parliamentary proceedings is not compatible with dark deeds.

The Situation in Szechuan.

From the Peking Gazette

No one knows better than Premier Tuan that Chow Tao-kang is not the man to oust Liu Tsun-hou or the Yunnan and Kweichow troops. He would have done it long ago if he could. At any rate there is nothing to warrant that he has the ability to do so. If Chow assumes office as Tuchun then he must first of all carry out the order of the Central Government by disarming Liu Tsun-hou and then keep out the Yunnan and Kweichow troops from Szechuan. By what stretch of imagination Chow can do such wonders it is difficult to see. Meanwhile Tan Chi-yao, Tuchun of Yunnan, and Liu Hsien-shih, Tuchun of Kweichow, are pouring troops into Szechuan. They are actually supported by General Hsiung Ko-wu, who is now at Chungking. The policy of the Central Government in appointing Chow acting Tuchun of Szechuan is impossible to understand. There is one possibility, namely to pit one devil against the other. It is hopeless to get rid of Liu. Why not pitch one of his own supporters against him? Now if Yunnan and Kweichow invade Szechuan probably Liu Tsun-hou and Chow Tao-kang may become united in fighting against the invaders. If no invasion takes place then there will be fighting between Liu and Chow in a struggle for the post of Tuchun. Whether Liu or Chow or Yunnan or Kweichow perishes or all of them perish it does not matter to Peking as none of them support the Government. Let them fight until they are thoroughly exhausted, then it will be easy work to place a "loyal" man there in Chengtu and perhaps Yunnan and Kweichow as well. But how about the people who are the actual sufferers?

The Monroe Doctrine in Japanese Eyes

The Yorodzu (Tokio)

"America after the declaration of the doctrine interfered with affairs of other countries. She annexed Hawaii, occupied the Philippines by conquest, and extended her influence in a great style. This year, she at last decided to participate in the European War. Thereupon the world has come to the conclusion publicly that America has already cast away her Monroe Doctrine.

"Within two years after the beginning of the war in Europe, America amassed large fortunes. She is now without a peer in the world in point of national power, and she cannot help trying to let the energy which is stifling at home to overflow to outside countries. She is now feeling that her power has been filled to such an extent that she cannot use a part of it to interfere in foreign countries. Her outstretched gigantic hands are now being extended toward China and Russia.

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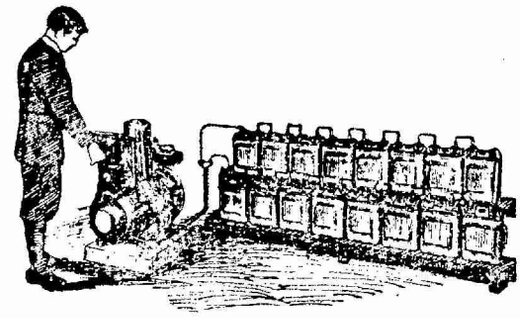

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SHANGHAI.

Sole Agents.

"In China, America has prepared herself to pour her enormous energy. America's attention toward China did not begin today. Since she underwent the bitter experience ten years ago of the anti-American boycott, she has been trying to make closer the friendship between America and China. She abandoned the Boxer Indemnity, built schools and hospitals in China, invested capital in mines and railways, and otherwise did everything to please the Chinese. She left no stone unturned to extend her power in the continent of China. Recently a contract has been signed to improve the Grand Canal. Behind Mr. Li Yuan-hung, who as the president dismissed Premier Tuan Chi-jui, was America, which made loans to China in that connection, as every one knows. Chinese generally decide their attitude in view of the amount of money. If America should try to roll up China with her money power, it is not difficult to imagine what the effect of it will be.

"As for Russia, America sent Mr. Root as a special commissioner there. America will aid Russia financially as the latter is financially embarrassed. Not only that, she will improve Russia's railways and build new ones. She seems to have decided to help open up Siberia and Russian enterprises in the Far Eastern possessions. In her program is included the digging of mines in the northern half of Saghalien. We should say that America's plans are big ones, indeed. Mr. Root did not pass through Japan on his way to Russia and will not stop over in Japan on his way home, and return directly from Vladivostok. We cannot have the pleasure to shake hands with him to exchange views to learn an outline of his plans in Russia. But judging from the

reports to hand, his plans are not made in a small scale by any means.

"The European War has made America the greatest giant of the world. America which had been religiously trying to confine herself at home and to avoid interfering in Europe has now come out with both hands to participate in the European war. Not only that she raises her left foot to traverse China and right foot to walk astride in the vast Slav territories. England, France and other powers which have powerful enemies in front of them and are anxious to win the assistance of America, are obliged to watch idly what America does in other directions. But the effect of this American activity in the Orient upon Japan will not be small. We must watch America's activity in the Orient with the same earnestness with which President Monroe watched the European influence in America."

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Under the regulations of the International Postal Agreement, the Parcels Post rate of 12 cents a pound, with a weight limit of 11 pounds applies from the United States to all the other principal ports in China with the exception of Manchuria.

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Viscount Ishii's Mission to America

From the Tokio Mainichi

We do not know exactly what the mission of Viscount Ishii to America is going to be. In America, the Ishii mission seems to be considered as having a great power. It is strange that Viscount Ishii, former foreign minister, whose foreign policy has been reserved by Viscount Motono present Foreign Minister, should have been chosen to go on the present mission on behalf of the present ministry. There are many matters to be looked after and solved. It is doubtful whether Viscount Ishii has been entrusted with everything by the present ministry. Of all the important questions, the Chinese problem is the first in importance at present, then the immigration question and then an understanding after the war is over. The Chinese problem has been studied by Japan and much sacrifices have been made by her in order to maintain peace and order in China; America came in later. She has tried to violate the privileges which Japan has already secured, as witness the proposal of neutralization of Manchurian railways, the recent advice to China to stop internal quarrels, etc. America has been misled by the Americans in China. Many Americans visit China and upon their return home they tell their countrymen that Japan has an ambition in China, etc. They realize that even if Japan had no ambition in China in case China proves incapable of maintaining herself it will be Japan that can keep order in China. So America is jealous of Japan. Then America may have more suspicions about Japan. If all these suspicions and misunderstandings are to be entertained, the American-Japanese friendship will not be maintained. Viscount Ishii is expected to clear all these misunderstandings.

The Garbled Version of the American Note to China

From the Japan Chronicle (Kobe)

With regard to the American Note to China, which aroused such resentment in Japan, it will be recalled that the first news of it published in this country made it appear a very different document from what it was. This came about by the error of mixing with the message some American Press comment and publishing this as the substance of the Note. We now learn how this error occurred. It appears that Mr. Kamada, the *Ashai* representative, has his office in the *World* building in New York. He does not work at night, and the *World* syndicate manager sends a short service on his behalf to Tokio. When the message regarding the delivery of the American Note was cabled to New York from Peking, he assumed, of course, that it had also gone to Tokio. Mr. Kamada next day took the same view, not believing that Tokio would first learn of the delivery of the American Note from New York instead of Peking. Whether any censorship was exercised which delayed publication of the news in Tokio is not clear. However, finding a comment on the Note in the *New York Evening Post*, written by Mr. David Lawrence, the well-known correspondent of that journal, Mr. Kamada sent a message to his paper summarising the comment. As no news of the American Note had previously reached Tokio, the message was read as a summary of the Note and published accordingly, with the result of causing the most widespread astonishment and indignation in

Japan. The *Asahi's* error was not unnatural in the circumstances. Where the *Asahi* may be blamed is that it made no attempt to correct the error, acting, apparently, on the principle set forth by Disraeli, "Never explain and never apologise." It was left to the Japanese Foreign Office to publish an explanation and circulate it, but the *Asahi* remained silent, preferring, it would seem, that its readers should remain under a misapprehension to an acknowledgement that a mistake had been committed.

American Concessions in Russia

From the Tokio Nichi Nichi.

The chief of the Bureau of Mines of the Department of Commerce of Russia has advised the government to entrust to Americans a greater part of the mines in Russia, and Mr. Sliavkin (?), the chief, personally proposed to American capitalists to undertake oil and coal mines in the Russian section of the Saghalien Island, as well as gold mines in the Altai, the copper mines in the Caucasus, the railways in the Ural, etc. As these offers have come from the Russian side, Americans should not be blamed offhand. But if the report be true, we must say that the movement of Americans to acquire concessions in Russia has made great headway in Russia, more so than we had thought.

Then came a report from Harbin from our own correspondent that American and Russian officials have opened negotiations to consider the possibility of a direct railway line between New York and Petrograd and also the question of leasing the Russian territory across the water from Alaska. We do not vouch for the authenticity of these reports. But since America declared war against Germany in April, she has done everything to assist Russia, either by lending locomotives and cars, offering several of the interned German ships for use of Russia, giving steamship accommodations between America and Russia, subscribing to bonds, sending Red Cross officers and nurses, and in many other ways. Man is deeply moved by the kindness of others. If the acquisition of various concessions in Russia by Americans is a mere compensation for good services rendered, then that will be a simple matter. But today when all the world is up against Germany to down the militarism of that country, for America to try to steal a march on other powers in order to accomplish the object of acquiring concessions in Russia by all means is indeed to disturb the peace among the Entente Powers. It will naturally lengthen the war. But commercial development abroad is a privilege of each and every nation, with which freedom no other nation is called upon to interfere. If the Entente Powers do not want to let America have all the good things to herself in way of Russian concessions, they have no other recourse than to compete with their strength in the field of free competition.

The "Gold-Shot" Eye

From the Japan Chronicle (Kobe)

On what evidence Mr. Eugene Chen is accused by the North China Daily News of being in German pay does not appear, since this is the only mention of his name in the article. Presumably it is because of his antagonism to General Tuan, which, however, appears to be shared by several other Chinese publicists, judging from reports from South China. To see German gold in every movement which happens to conflict with the consummation of a war policy, when other explanations are equally, if not more, plausible, is to betray a diseased state of mind. Mr. Eugene Chen in the *Peking Gazette* certainly made no secret of his position. He was opposed to the severance of relations with Germany; in this, sharing the views of the President and even General Tuan. The severance of relations being accomplished, however, Mr. Chen accepted it and on several occasions urged a declaration of war as the logical outcome of the first step. It was certainly not on the question of declaring war that he fell out with the Tuan Government. He fell out with it owing to the gross corruption which was proved to exist in the Ministry and because he suspected General Tuan of some negotiations with Japan which he deemed inimical to the independence of China. The disturbance in front of the National Assembly, which was generally accredited by the Peking papers to Ministerial encouragement and the arrest of Mr. Chen, with his secret trial and sentence, gave the last blow to Mr. Chen's hopes of General Tuan restoring good government in China. There is no doubt that in this and other acts General Tuan acted in a perfectly unjustifiable manner, assuming more the position of a dictator than the Premier of a republic, but because he favours war with Germany the *N. C. Daily News* now decides that all his opponents must be in German pay, although its Peking correspondent has to confess that the more investigations are made the less evidence there is that this is the case. The advice recently tendered to China by the United States, wherein it was pointed out that the question of declaring war on China was of minor importance, should certainly cause the Shanghai paper to turn its gold-shot eye with suspicion on President Wilson.

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When Hoover Was in China

During the past few months the American government has had several investigators in China looking into the matter of food supplies of various kinds. There have been investigations of the soya bean supply, the wheat supply, the vegetable supply and various other lines, the idea being to encourage American investment and importations on a large scale.

The world's scarcity of foods and the fact that the matter of supplying Europe with foods is now up to the United States is one reason for sending these investigators to China. And there may be another reason.

Herbert C. Hoover has been placed in charge of the distribution of foods in America. He is not only to see that Americans themselves get enough to eat but it is also his job to see that Europe gets its share and further more that the price will be reasonable.

"Who is Hoover?'

This is the question that natually went the rounds after his appointment to the post of "Food Dictator," as his office is styled in the United States. Well, Hoover is and has been a lot of things of considerable importance, but for the information of Americans in China, it may be of interest to know that Hoover has had an extensive experience in China. His friend, Will Irwin, tells about it in a recent issue of the Saturday Evening Post:

"At this time the whole Oriental world was looking forward to an early awakening of China. Progressive men had the ear of the young Emperor; the court was in a mood to welcome any Occidental who could teach progress. Hoover knew of China's undeveloped mining resources, especially in coal. When he was offered the position of mining expert for the North China Government he pulled up stakes, invested in Chinese properties and moved north. Leaving Mrs. Hoover in Peking, he traveled westward, to communities that had never seen a white man before, on a prospecting tour. Then the ground dropped from under his feet. Reaction exploded. The Boxer Insurrection, directed from the palace of the Dowager Empress, surged through China. "Death to foreigners!" was its motto.

"Warned by friendly Chinese, he posted back to Peking ahead of the Boxer armies, to find Mrs. Hoover ill. It seemed best to get her out. They had reached Tientsin, when the Boxers suddenly threw their forces about that city and besieged it.

"Every day, it is recorded in the reminiscences of the siege, Mrs. Hoover served tea to the Anglo-Saxon element, digging her sweetening from the sugar bags that formed a barricade before their house. Once a shell passed directly through their hall, just across a partition from the room where the correspondents were writing and Mrs. Hoover was playing solitaire. Hoover's services were commandeered to help strengthen the defenses. This little group of Europeans never expected to live through it all, any more than did their compatrious besieged in the Peking legations. But the allied armies came at last, raised the siege, and advanced on Peking.

"He left China to form in London a partnership with an Englishman. The foundation of this firm was in the Chinese coal fields; but they branched out into other quarters of the world. It is hard to describe in one word Hoover's niche in the mining industry. He describes himself as a mining engineer; and, indeed, he is among the leaders in that profession. Yet he was from this time forth an *entrepreneur*—to use a French word for which we have no exact equivalent. He laid out mining enterprises, found the capital for them and managed them. Perhaps that old Western phrase, "just mining man," describes him best of all.

"The great crisis of his early career came a few years later. The firm had now many companies under direction or control. Needing a rest, his English partner took advantage of a quiet season and went tiger hunting in Mongolia—a month, at least, from telegraphic communication. Hoover, the junior partner, was left alone on the job; and a calamity broke out of a blue sky. An employee, so trusted that he was like a partner, was discovered in defalcation. As his case was investigated Hoover discovered an astonishing state of affairs. This man had been falsely issuing stock and selling it on his own account. The defalcation, one of the largest in history, ran to more than a million dollars.

"What followed I know not from Hoover, but from his English friends. The firm was not legally liable for the false stock. The purchasers, under the legal maxim of *caveat emptor*, had to take their chances when they bought it. But was not the firm liable morally? Many people had sunk all their savings in this stock. Furthermore, if the firm allowed the matter to stand as it was, this event would always remain a blot. The decision was up to Hoover; his partner was clean out of reach. Promptly he announced that the firm would stand the loss. It would consider the spurious stock, falsely issued in its name, as genuine. The senior partner returned from Mongolia to face three years of the closest, hardest work. But the firm pulled out. The British, honest themselves, dearly love an honest man; and this decision, hard though it was, made Hoover in London."

Something about his personality is suggested in the following paragraphs:

"Just below six feet in height, he has a pair of broad shoulders and a rather spare figure, which ought to be athletic, and isn't. Muscular exercise bores him; he admits that he never walks when he can ride, and that the one luxury he would find it hard to give up is an automobile. His face inclines to be powerfully heavy in repose; but it has its shrewd features—as, for example, a nose with an aggressive angle. His eyes, hazel-gray and rather prominent, have the effect of seeing far. About eyes and mouth he has too many wrinkles for his forty-two years; but they are sun wrinkles, not age wrinkles—they come his from long journeys across tropic sands.

"His general appearance, indeed, is youthful. The hair above his compact forehead is a dark mouse color, without a suggestion of gray or of baldness—even about the temples, where most of his contemporaries have begun to betray their years. His wide mouth is a steel trap when it is closed, and engaging when he smiles.

He has a capacity for thinking at will, as another man walks or runs or throws a ball at will; and that, it seems to me, is the rarest of human gifts.

"Finally, with a little outward gesture which says, "That is finished," he sits down, and, stopping here and there to choose the right word, he states the conclusion—and dismisses the subject."

In the Field of Business and Finance

Cotton Goods in China

The principal effect of the war on the cotton trade in China has been greatly to stimulate the manufacturing side, and considerably to lessen the import of cloth. Indeed it will probably continue to be true after the conclusion of the war, as is a fact at the Present time, that China is relatively a better market for cotton spinning and weaving machinery than it is for the textiles. The import of Manchester goods has rapidly decreased during the past year, and while part of the shortage is made up by imports from other countries, the Chinese are rapidly getting into line to do their own manufacturing. The recent construction in Shanghai, Tientsin and Hankow of large cotton spinning mills, the machinery and other equipment for which came from American sources, is an excellent indication of this tendency.

For many years China has been the largest market in the world for cotton yarn and the second largest market in the world for cotton cloth, being exceeded by India alone. The imports of cotton goods into China in 1913 amounted in value to the huge sum of $133,000,000.

Writing on the subject, "Cotton Goods in China" Mr. Ralph M. Odell, commercial agent of the Bureau of Foreign and Domestic Commerce, Washington, D. C. traces the entire subject of the market for Cotton Goods in China and the growth of manufacturing in this line in China. Mr. Odell's report, an illustrated volume of 242 pages, was isssued after he had spent six months in China in investigating this subject. The report may be obtained through any bookstore in Shanghai or from the Government Printing Office, Washington, D. C. for twenty-five cents gold.

In commenting on the general Chinese cotton market, Mr. Odell says:

"Ten years ago American cotton goods had a large sale in China and the market occupied the first rank in our cotton-goods export trade. During the last few years, however, we have been losing ground rapidly and our shipments to China have radically declined. The loss of our trade has been primarily due to the competition of Japanese and, more recently, Chinese cotton mills, which secured an advantage in the use of cheaper raw material from China and India and in the lower cost of production.

"This competition has affected the trade of the United States more than that of any other country because our cotton-goods trade has been largely confined to coarse sheetings and drills, lines to which the Japanese and Chinese mills have given particular attention and in which they have been most successful owing to the fact that the cost of the raw material is an important factor in the total cost of the goods.

In pointing out the pre-eminence of Shanghai, Mr. Odell says:

"Practically all the large foreign importers have their headquarters in Shanghai, the Chinese merchants in other treaty ports and in the interior have their buying agents or representatives there, the financing of the bulk of the trade is effected through the foreign and native banks in Shanghai, and the port possesses unusual shipping facilities with regard both to foreign and to internal trade. It is also the only city in the country in which weekly auctions of piece goods are held. The importance of these auctions is indicated by the fact that approximately 30 percent of the total annual imports of cotton goods at Shanghai are sold through this medium."

However the development of cotton spinning and weaving mills in China by both Chinese and foreign capital is now the important point, and imports from all other countries, even Japan are gradually decreasing. Countries that have turned their attention in the past to the importation of cotton yarns and cloth are now rightly turning their attention to the sale of cotton spinning and weaving machinery in China. An evidence of this can be seen in Shanghai where practically every large importing house has its cotton machinery department with experts in charge. One firm has a complete display of this machinery all set up in operating order on the main floor of its Shanghai office.

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CORRESPONDENCE SOLICITED.

Soaring Prices for Paper in Japan

Rumors have been current lately that Japan may shortly restrict the export of paper and as a result a number of Shanghai importers of this article have gone to Japan during the past few days in order to arrange for future supplies before prices go still further. There has been a veritable boom in the Japanese paper market during the past few weeks and the Japanese publishing houses have been urging the Government to prohibit further export, but the Government has apparently a different opinion of the matter, for an official in the Department of Agriculture and Commerce is quoted in an interview as saying that while it is to be admitted that the abnormal increase in the cost of paper has affected

the Japanese public seriously, any proposal to restrict exports could not be adopted at present; the Government had investigated the supply and demand of paper in Japan and the cause for the boom had been found to be the slow increase in the rate of production; whereas imports of paper from overseas have been practically stopped, Japan had been unable to increase her production rapidly enough to cope with the growth of the export trade and the increase in consumption at home.

Why Japan Will Not Enter Allied Freight Agreement

Attached to the party of Viscount Ishii, Japan's special envoy to the United States, who sailed from Yokohama for the United States July 28, are Messrs. Miyazaki and Inouye of the Department of Communications, who will explain to the United States the reasons why Japan does not wish to enter the proposed agreement which the Allied powers contemplate making with a view to restricting the soaring tendency of ocean freight rates. The reasons have already been made public in Japan and are to the effect that while in Great Britain, France and America legislation has been made to control ocean freight rates in the hands of the government, in Japan the goverment had not been given such a power, the Japanese shipping companies remaining quite independent of the government in the point or their services and freightage except in the case of the subsidized services, and under such circumstances there was great difficulty in the way of Japan joining in the agreement.

The Osaka Shosen Kaisha Subsidy

It is reported from Japan that in a memorial to the Government the Osaka Shosen Kaisha has applied for the stoppage of the subsidy granted to it on account of its Puget Sound line, or, more strictly speaking, for the diversion of the subsidy to other lines of the company which are in greater need of Government protection, namely, the services to South Africa and South America, which the company has been maintaining since last year, and also the lines contemplated in the South Seas and Chinese waters. The Osaka Shosen Kaisha points out that the basis of Japan's services in American waters has become unassailable, and there is no cause for apprehension even if there be a tremendous competition between the Powers in the shipping trade after the war is over. The case, however, is otherwise with the services in South African, South American, the South Seas, and Chinese waters, which have been either inaugurated or extended by Japanese steamship companies since the European war started. Even to-day Japanese steamers are in competition with foreign vessels on these lines, and it is obvious that the competition will be far greater on the conclusion of the war. It is desirable, therefore, concludes the O.S.K. memorial, that the Government should suspend the subsidy for the American service and give it for the South African, South American, and other suitable lines.

Commenting on the subject, the *Jiji* says that time was when it was generally believed and admitted that the Nippon Yusen, Osaka Shosen, and the Toyo Kisen Kaisha lived solely on Government protection. They tried every means to increase the subsidy even by a sen. The present action of the O. S. K. in refusing a subsidy, therefore is a new departure, at least on the face of it. If, however, continues the *Jiji*, the steamship company has taken the action merely from a business motive, that is to be free to obtain higher rates, it does not necessarily merit admiration.

British Income Tax Much Heavier than American

The following table compares the amount and rate of the recently imposed tax on American incomes of various amounts and the British taxes on the same sums:

	AMERICAN TAX		BRITISH TAX	
Income—	Amount.	P.C.	Amount.	P.C.
$3,000.....	$20	.66	$441	14.7
4,000.....	50	1.25	648	16.2
5,000.....	90	1.80	920	18.4
10,000.....	440	4.40	2,330	2.33
20,000.....	1,340	6.70	5,380	26.9
40,000.....	3,140	8.35	12,400	31.0
60,000.....	5,740	9.56	19,420	32.7
80,000.....	8,540	10.67	26,160	32.7
100,000.....	11,940	11.94	37,600	37.6
150,000.....	22,940	15.29	58,800	39.2
200,000.....	36,440	18.22	80,000	40.0
250,000.....	54,106	21.64	101,250	40.5
300,000.....	71,773	23.92	121,500	40.5
500,000.....	142,440	28.48	207,500	41.5
1,000,000.....	319,106	31.91	415,000	41.5
1,500,000.....	529,106	35.27	622,500	41.5

Commercial and Financial Notes

The Pacific Mail Steamship Co. has assigned three boats, the Santa Cruz, the Colusa and another, to run on the newly established San Francisco-Calcutta line. The first steamer was scheduled to leave San Francisco August 3.

It is reported that plans have been perfected in Germany and Austria-Hungary for the formation of a colossal cooperative buying organization through which the total populations of the two countries of 120,000,000 people will buy all their supplies as a unit. This organization will have the backing of the governments and all the combined banks of the country. It is in this way that Germany hopes to meet any trade combinations formed among her enemies.

With the United States benevolently neutral, Wall Street was lending hundreds of millions to the Allies, on good collateral security, at five per cent interest, with a four per cent commission or discount, and paying no war taxes. With the United States a belligerent, it is lending money to the Allies through the United States Treasury at three and a half per cent interest, without a penny of commission or discount, and paying heavy war taxes. —*Saturday Evening Post.*

A big paper mill company will shortly be established in Manchuria with a capital of five million yen, by a dozen or so of Japanese business men connected with the Mitsui interests. The company will have its head office at New Wiju, on the Manchurian side of the Yalu river. Business will be commenced with about one-third of the nominal capital paid in. It will take three years for the company to erect the mill and have it in complete running order. The promoters have received permission from the Government-General of Kwantung to go ahead with their project.

Forty-six German merchant ships held up in Brazilian ports have been seized by Brazil and have been put to work. The vessels aggregate 240,779 tons. The largest is the Hamburg American liner Blucher, of 12,350 tons. Thirty-three of the vessels are of more than 4,000 tons each. It is believed that these vessels exceed in tonnage all vessels sunk by submarines or mines in May, and that the German shipping seized by the United States and Cuba in April equals the amount of shipping destroyed in April, so that the net amount of tonnage available as of June I equaled the amount available on April 1.

Adoption of American customs in Europe since the beginning of the War is shown in no way more clearly than in the increased exports of chewing gum. Exports of this American product to Europe in 1913 were valued at Gold $88,269. Exports during the first nine months of the current fiscal year amount to Gold $696,049. Exports to all countries have increased from $186,944 to $926,560. It is noticeable that the greatest growth in exports of this product have been to English-speaking countries, England, Australia, Canada, New Zealand, and British South Africa being the largest purchasers. Other countries where the habit has grown are the Philippine Islands, Japan, and China. The supply of chicle from which the manufactured product is made comes entirely from British Honduras and Mexico. Eight and a quarter million pounds is the annual quantity imported into the United States, the average price a pound being 47 cents.

That the stupendous value of the outflow of commodities from the United States to foreign countries, as a whole, has not been appreciably affected by submarine activity, or the undoubted reduction of transportation facilities as a consequence thereof, is clearly shown by the completed official returns for the month of May, which with two exceptions—January and March of the current year—furnish the heaviest export total on record for such a period. In stating that this result has been attained in spite of the immense loss of tonnage in recent months through ruthless submarine attacks—a loss that in the large cargo-carrying vessels approximates 2,000,000 tons—indicates that the exigencies of the situation have caused the withdrawal from other lines of traffic of every vessel possible in order to keep up to the maximum the flow of munitions and supplies from the United States to the Entente Powers. Confirmation of this is found in reports from Europe of the cutting down of the service thence to the Far East and South America. Not only did American export values in May continue phenomenally heavy, but the merchandise imports were likewise of unprecedented proportions, exceeding in value by some 11 million dollars the previous high record for any month, established in March last.

Taking Over the German Ships in America

President Wilson, signed June 30 the official executive order authorizing the Federal Shipping Board to take "possession and title" of eighty-seven German owned ships, representing more than 500,000 tons which were in American ports at the beginning of the war. In accordance with the executive order the Shipping Board has the broad powers to repair, equip, man, operate, lease, or charter the vessels in any service for the United States, or in any commerce, foreign or coastwise. The directions do not affect fourteen German ships which already have been taken over by the Navy Department. These ships are said to raise the tonnage taken over to 650,000 tons. The ships taken are in the ports on the Atlantic and Pacific and in inland ports. The order also does not include the Austrian shipping taken over by the United States by purchase. Practically all of these ships, which were disabled by their crews when the United States broke off diplomatic relations with Germany, have been repaired and are ready for service. It is not the purpose of the Shipping Board to operate any of the vessels in competition with private interests, but to lease them. Several have already been leased to the French and Italian governments as food carriers. A list of the ships follows: Vaterland, Amerika, Kaiser Wilhelm II., President Grant, Pennsylvania, Bulgaria, Princess Irene, Hamburg, Neckar, Bohemia, Nassovia, Maia, Neptune, O. J. D. Ahlers, Prinze Waldemar, Leongmon, Governor Jaeschke, Darvel, Prinzess Alice, Wiegand, Bochum, Carl Diederichsen, Coblenz, Esslingen, Lyeemoon, Pongtong, Sachsen, Suevia, Steinbeck, Elsass, Indra, Arnoldus Vinnen, Ottawa, Grunewald, Sachsenwald, Staatssekretar Solf, Aroa, (lighter,) George Washington, Kronprinzessin Cecilie, President Lincoln, Cincinnati, Grosser Kurfurst, Barbarossa, Friedrich der Grosse, Rhein, Koenig Wilhelm II., Koln, Prinz Oskar, Ockenfels, Arcadia, Pisa, Prinz Joachim, Harbug, Por Tonia, Clara Mennig, Pommern, Setos, Holsatia, Staatssekretar Kraetke, Bornso, Marudu, Tsintau, Andalusia, Camilla Rickmers, Clara Jebsen, Elmshorn, Johanne, Mark, Rajah, Sambia, Tubingen, Dalbsk, Magdeburg, Matadoi, Kurt, Andromeda, Prinz Sigismund, Savoia, Arnr, (lighter,) and Argus, (lighter.)

German Heir's Funds Invested in Liberty Bonds

An interesting message comes from Memphis Tenn. to the effect that heirs in Germany of the late Otto Seyppell of that city will have to wait until the end of the war to receive their inheritances, and meanwhile they will help to finance the war burden which their Kaiser forced upon Uncle Sam.

Chancellor Archie Wheatley of the Crittenden County, Arkansas, Chancery Court issued an order directing F. G. Barton, Memphis, trustee, to invest $1,737. 18 due heirs in Germany, of the estate of the late Mr. Seyppell in Liberty Bonds.

This unique case in chancery was styled Bettie B. Seyppell vs. F. G. Barton, trustee, and F. G. Barton, trustee, vs. Bettie B. Seyppell et al. The order follows:

"Order in the partial settlement of F. G. Barton, trustee under the will of Otto Seyppell, deceased: It appearing from the report that all of the estate has been distributed except $1,737.18, which has not been distributed on account of the inability of the trustee to communicate with certain persons who are residents and citizens of Germany with which the country is now in a state of war, and the court finding that said sums should in the meantime be invested in interest-bearing securities, and that three per cent Liberty Loan bonds of the United States Government afford a safe and conservative means of investment, it is ordered by the court that said fund be so invested.

"But said fund will not be paid out during the continuance of the war between the United States and Germany, and in the meantime the trustee will invest said funds in Liberty Loan bonds of the United States."

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The following guests have registered at the Palace Hotel during the week: W. F. Cary, Canton; Miss K. Steelmon, Shanghai; S. Pidello, Shanghai; L. G. Bering, Hankow; Lewis Peck; E. Alabaster; W. Pratt, Hongkong; C. G. Clark; Vamgowd; R. Johnson; E. Agassig; G. C. Moore; D. M. Nulsen; Mr. and Mrs. H. B. Duff; P. O. Hunt; R. Peters, Peking; A. Grosjean; Hongkong; Hongkong; Noury; Mr. and Mrs. Laurent; Dr. T. Blios, Anking; T. Adoir; Mr. and Mrs. King; H. S. Fairchild; L. C. Esser.

The following guests have registered at the Kalee Hotel during the week: Mr. and Mrs. F. G. Sohnson, San Francisco; F. Otte, Peitaiho; Mrs. H. A. Farrell, Nanking; G. T. Sargent Ningpo; Mr. and Mrs. L. H. Bailey and Miss Bailey, Kuling; A J. de S. Borto, Chinkiang; Mr. and Mrs. Setchell, Peking; Mrs. Sentski; R. R. Gibson; Mr. and Mrs. E. Tuckenbush, New York; Miss H. S. Tuockenbush, New York; J. M. Waingurt; Harbin; Shats; Mr. and Mrs. O. Creewe-Read; and daughter; Mr. and Mrs. L. J. A. Holm Hetersen and Child, Vladivoctock; A. S. Tenney, Kiakiang; J. E. Nolte; Mr. and Mrs. Yut Son, Peking; W. E. Truth, Nanking.

The Share Market.

RUBBERS Official only	Closing Quotations, Week End. July 27	Last Quotation, Fri. Aug. 3	Business Done in Shares During Week High	Low	Net Chg.
Alma	10	10	10	10	—
Anglo Javas	9¾	10.05	10.05	10	+.05
Bukit	4	4	4	4	—
Cheng	2½	2.60	2.60	2.60	—
Dominion	10½	10	10	10	—
Java Consolidated ...	20	19½	19½	19½	—
Kota Bahreo	7.80	7.80	7.80	7.80	—
Semambu	1½	1.20	1.20	1.20	—
BANKS, INDUSTRIALS, INS. COTTONS, LANDS, ETC.					
Ewo Cotton	160	162½	162½	162½	—
Suterational Ord. ...	90	93	93	92	+1.
„ Pref. ...	68	64	64	64	—
Kung yik	15¾	15¾	15¾	15¾	—
Shanghai Cotton ..	135	136	156	135	+1.
Oriental Cotton	40	43	43	41	+2.
EXCHANGE					
Bar Silver	39¾	40⅝	·40⅝	39⅝	
T. T. on London.. ..	2/10	2/11¼	2/11¼	2/10½	
Sov. Bnk. Buy. Rt. ...	5.18	5.18	5.18	5.13	
Gold $ Bnk. Buy. Rt.	1.07	1.07	1.07	1.05	
Mexican	72.11	72.27	72.3	72.18	
Native Int.	.05	.05	12.	.03	
LONDON RUBBER QUOTATIONS					
Spot	2/6½	2/5½	2/6½	2/5½	—0/1
Forward	2/8	2/6½	2/6¾	2/6½	—0/1¼
Tendency	Dull	Dull		Dull	

Date		Langkat Oil Output	Tons.
July	28		73
„	29		76
„	30		77
„	31		77

CLOSING OF TRANSFER BOOKS & DIVIDENDS.

Share	Period	Dividend
H. & S. Banks	30 July 11 Aug.	£2.3 less income tax

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New Books and Publications

Currency Reform

Modern Currency Reforms, by Edwin Walter Kemmerer, Ph.D. New York: Macmillan Co. U.S. $2.40.

PERSONS interested in the reformation of the currency system in China will find this work particularly valuable, it being a careful study of five recent currency reforms, namely those of the Philippines, Porto Rico, India, Straits Settlements and Mexico.

India. The present system of currency in India is based on the Coinage Act of 1893, which provided for the closing of Indian mints to the free coinage of silver, with the proviso that the Indian Government should retain power to coin silver on its own account. This Act followed upon the investigations and report of the Herschell Committee, which was appointed to devise some means whereby the uncertainties of commerce through the fluctuations in the price of silver might be minimized. Simultaneous with the passage of the Act of 1893 various Administrative Notifications were issued which provided for (1) exchange of rupees presented at the Indian mints at the rate of sixteen pence to the rupee; (2) authorization to receive sovereigns and half sovereigns in payment of taxes at the same rate; (3) the issuance of currency notes in exchange for British coin or gold bullion at the same rate.

The Indian gold standard was put to its first severe test in the latter part of 1907 and the fore part of 1908. From the attainment of the sixteen-pence par in 1898 to August, 1907, exchange rates had fluctuated between the "gold points," and the demand for new rupees had been so strong that for the greater part of the time exchange had ruled above sixteen pence. Beginning with August, 1907, a crisis occurred which led to important changes in the system. To meet the emergency the Government for a period of five weeks practically discontinued the sale of council bills; also abandoned the paying out of gold freely on demand in exchange for rupees; and when on the 25th March, 1908, exchange again dropped below the gold export point a notice was published that the Government of India was prepared to sell sterling bills on London at 1sh. 19/32d. up to a limit of £500,000.

The first lesson of the crisis was that the reserve funds were too small, and the Royal Commission in 1913-14 gave considerable attention to the proper size of the gold standard reserve. They believed that £25 millions was insufficient, and recommended that the Government for the time being should continue to place in the gold standard reserve all seigniorage profits from the coinage of silver until further experience would permit a more accurate definition of the demands which the reserve might be called on to meet. In December 1912 the policy was inaugurated of keeping part of the gold standard reserve in the form of gold, earmarked at the Bank of England.

The author agrees that since the outbreak of the War few, if any, currency systems have more effectively met the shock of world catastrophe than that of India.

Porto Rico. The old Spanish currency was replaced by U. S. coinage shortly after the American occupation. The author considers it would have been wise to have coined half-cent pieces for use in Porto Rico.

Philippine Islands. At the time of the American occupation various kinds of currency were in use, among them being an unknown quantity of Mexican pesos, many of which had been illicitly smuggled into the country and most of which were badly worn; there were also about five and a half million Alfonsino pesos, having a pure silver content seven and nine-tenths per cent less than the Mexican peso; and also to numerous coins from various countries. There were also about 3,400,000 pesos of asset currency bank notes issued by the Spanish-Filipino bank of Manila under authority of a Spanish decree of 1896.

Various plans were discussed to improve the currency system, and a determined attempt was made at first to keep the ratio between the American dollar and the Filipino peso at the ratio of 2 to 1. On August 19, 1898, the three commercial Banks in Manila—the Hongkong & Shanghai Bank, the Chartered Bank, and the Spanish bank—wrote to Brigadier General Greene as follows: "Owing to the large amount of American gold being offered us for exchange into Mexican currency, and, further the big sterling letters of credit advised us in favor of the paymasters and others which we understand will be required in Mexican dollars, as this is the only acceptable coin in use among the natives, and for general trading purposes, while we are anxious to give the soldiers and your government every assistance by being in a position to quote an exchange of not worse than 2 Mexican for $1 gold, we shall be quite unable to preserve this basis of exchange should there be any scarcity. In view of this and in order to give every

BOOK TALK

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Vol. 1 August 4, 1917 No. 2

One of purposes of this column is to keep the reader posted on the latest and best books.

We are constantly getting advance notices of the latest books before we are able to stock them.

For instance, Capt. Ian Hay—author of "The First Hundred Thousand"—has just completed his newest book,

"THE OPPRESSED ENGLISH" which is a Scot's view of the perplexing Irish Question. His other recent 'book "Getting Together" (with the U.S.) is likewise attracting wide comment in the United States, where the writer heard him lecture recently in his witty, charming and informing way. Each book is $.60 gold.

Another advance notice which will enable you to order promptly: Emile Haveloque's English translations of the recent remarkable addresses of M. Rene Viviani and Marshal Joffre during their stay in the United States, is now being published. Price G$1.50.

Herbert Bayard Swope, Managing Editor of the New York World, has been awarded the 1916-1917 prize of G. $1,000.00. offered annually by Columbia Univerity, N. Y. City for the finest newspaper contribution on the subject of the war.

Mr. Swope's notable work "Inside the German Empire," in the words of ex-American Ambassador to Germany James W. Gerard "forms an important contribution to contemporaneous history and possesses a referential value for the future." Price G. $2.50.

H. G. Wells, whose "Mr. Britling Sees it Through" created such a profound interest in England and America, has now published its sequel "God, the Uncrowned King", G$1.50.

Everyone should order "Why We Are At War" by President Woodrow Wilson, containing his messages to Congress and the American people, Jan. 22nd, 1917 to April 15th. G$. 60.

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facility for the exchange of United States gold currency, we may require to import clean Mexican dollars duty free, and shall be obliged if you can see your way to grant us the necessary authority. And we agree to maintain a rate of exchange of not less than two Mexican dollars for one gold dollar to the extent of our import of Mexican dollars."

This request was immediately granted by the military authorities, and for a number of years the Philippine authorities also received the Mexican dollar at the rate of 2 to 1 in payment of official dues. The rapidly decreasing price of silver, however, soon made it evident that some other system would have to be inaugurated, and from August 1900 until the latter part of July 1903 (when the new gold exchange standard was introduced) the rates between silver and gold were officially fixed for three months at the beginning of each quarter. Owing to the great uncertainity of exchange there was a gradually growing agitation for the introduction of a permanent system and in the summer of 1901 Charles A. Conant was sent to the Philippines by the War Department for the purpose of reporting on a plan. Early in the second session of the 57th Congress a bill was introduced embodying the plan of a fifty-cent gold standard peso and the bill was signed by President Roosevelt March 2, 1903.

The bill provided for a silver peso containing 516 grains of silver, 900 fine. The new coins began to arrive in Manila about June 1903, but they received at first a very cool reception. At a great majority of the shops the new Conant peso was not accepted as worth more than the old peso. To remedy this condition, a law was passed (very tardily) on January 14, 1904, prohibiting under heavy penalties the importation into the Philippine Islands of Mexican currency, or any currency not on a gold basis. Another deterrent to the use of the old currency, to which the conservative Filipino population seemed attached, was a tax of one per cent a month imposed on all local currency bank deposits.

So long as the silver in the Conant dollar was worth less than its face value there was no difficulty, but whenever there was a rise in price of silver the tendency was to export the Conants, melt them, and collect their silver value in Hongkong. This was forbidden by law, but there was considerable smuggling. Eventually it was decided not only to reduce the size of the dollar but also to reduce its fineness. This new coin was introduced in 1907 and since then there has been no difficulty.

Straits Settlements. The reform in the currency dates from 1904. A Straits dollar was coined, the exchange value of which was fixed at twenty-eight pence. When in 1906 the silver content of the coin became worth as much or more than its face value various palliative measures were used to prevent the coins being remelted, but in March 4 1907, the matter was put on a definite basis by proclamations providing for a dollar with a gold ratio of 21.3 to 1—which, by the way, is identically the same as that of the present Filipino peso.

Mexico. The chief title to fame of Mexico in the economic world in modern times has consisted of its silver production and its silver dollar. In common with other silver basis countries it suffered as a result of the great fluctuations in the value of silver, and in the years 1905-7 Mexico thought it had solved the problem by adopting a gold standard, but the subsequent revolutions proved that Mexico was not yet ready for the gold basis and the silver basis was thereupon reverted to.

G. W. M.

Who's Who of American Returned Students

A Directory of more than Four Hundred Chinese Students Who Have Studied at American Universities with Short Biographies of Each. Peking: by Tsing Hua College. Mex. $1.00 in China, $1.20 in foreign countries.

This is the title of a valuable book just issued by Tsing Hua College, Peking. The book contains the names and addresses of approximately four hundred Chinese who have studied at American educational institutions and in addition gives a short biography of each, with the present occupation.

Persons who question the value of Western education for the young men and women of China, should read the long list of prominent positions held and of the important work done by those who have availed themselves of the opportunity to study abroad.

The purpose of the book is to bring about closer relations among the students themselves and to show in a general way the benefits China has derived from encouraging her young men and women to study at foreign schools.

These benefits are well summarized in the preface of the book as follows:

"It does not seem possible to give an adequate idea of what the students as a whole have done for their country. But probably it is within the bounds of safety as well as propriety to say that it has been entirely due to their efforts and influence that the country is being modernized."

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MUNICIPAL NOTIFICATION.

No. 2453.

Political Meetings.

Of late there have been certain unbridled utterances by political malcontents and others affecting the Chinese Government; with attacks upon public personages, and immoderate, defamatory accusations in which terms of violent abuse have been employed of such nature as tend to perturb the public mind and to prove subversive of peace and good order.

In the Foreign Settlement, the Council is the executive custodian of order. In pursuance, therefore, of the powers vested in the Council the following regulations with regard to meetings of a political nature are issued for observance by all persons within the Foreign Settlement. These regulations will be enforced forthwith :—

1. No meeting of a political nature shall be held in the Foreign Settlement without special permission from the Council.

2. Any person or persons wishing to convene such meeting shall apply for the necessary permission at least forty-eight hours in advance to the Captain Superintendent of Police stating the object of the meeting and giving in a general way all particulars with regard to those attending the meeting and the programme to be observed at the meeting.

By order,

E. S. Benbow Rowe,

Assistant Secretary.

Council Room,

Shanghai, July 27, 1917.

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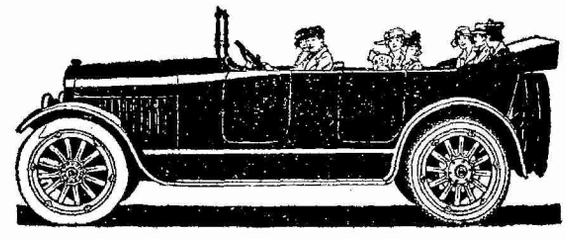

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